Tuesday July 9 1985

D 8523 B

mobs on rampage

World news

Zimbabwe Consafe warns of after poll losses

Zanu-PF party have reportedly ransacked hundreds of houses of ollowers of the country's opposition parties as a senior government official appealed for an end to the

The unrest comes a week after Zanu-PF's overwhelming general election results and follows a renewed call by Prime Minister Robert Mugabe for a one-party state.

Unconfirmed reports said three people had been killed and 600 houses damaged in black townships around the capital Harare. Page 4

'Terrorist' warning

President Ronald Reagan has singled out five countries as part of "a confederation of terrorist states" and warned that the U.S. has the right to defend itself under international law. Mr Reagan named Iran, Libya, North Korea, Cuba und Nic-aragua as members of the confederation. Page 5

Cyprus talks 👉

Cypriot President Spyros Kypria-nou has arrived in Athens to discuss with Greek Prime Minister Andreas Papandreou a UN plan to settle the future of the divided island. Page 2

Boat train crash

At least 12 people were killed and more than 60 injured in Normandy when an express he Havre to Paris train hit a truck on a level crossing

Japan's poli results

Japan's ruling Liberal Democratic Party won 57 seats in the 127 member assembly as a result of Sunday's municipal elections in Hokyo:

Beirut bomb scare A Middle East Airlines jet bound for Abu Dhabi returned to Beirut after receiving a warning that there

was a bomb on board. Changes in Guinea

Guinea's military ruler, President Lasana Conte, announced sweeping government changes after a coup attempt on Friday was foiled by loy-

Diaries sentence

A West German court convicted a former reporter and an antiques dealer of selling fake Hitler diaries to the magazine Stern in a 53m traud. Each man received a sentence of more than four years.

TV hostage deal

A London morning television pro-gramme is offering Lebanese kid-rest over the new austerity pronappers more than three hours deasting time if they will free British journalist Alec Collet.

Lange plans N-law

New Zealand Prime Minister David Lange said the ban on the docking of nuclear capable warships would be put into law by the end of the

Pollution pact

Britain formally notified the EEC of its agreement to a plan to set maximum levels for car exhaust pollu-

Tax retaliation

The UK Government will accept an ent to its Finance Bill to permit the withdrawal of tax privi-leges from U.S. and other companies as a retaliatory tactic to the unitary tax system in some U.S. states. Page 8

Jungle fighters die

Police killed seven jungle fighters, members of the Maoist Sendero Lu-minoso, in Peru's oil producing

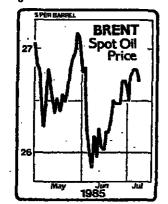
Business summary

SKr 300m

CONSAFE of Sweden, world's biggest operator of offshore explora-tion service platforms, says it will make a loss this year of SKr 300m (\$34m). Trading in its shares was suspended on the Stockholm Stock Exchange. Page 16

WALL STREET: The Dow Jones in dustrial average closed down 6.04 at 1.328.41. Page 38

TOKYO share prices came under the influence of profit-takers. The Nikkei-Dow market average closed down 10.45 at 13,029.65. Page 38 LONDON remained dull, with equities edging lower. The FT Ordinary share index eased 4.5 to 951.2. Gilts improved after sterling's rise



CRUDE OIL spot prices weakened on both sides of the Atlantic, reflecting disappointment at the failure by Opec ministers in Vienna to agree on more rational production quotas. July shipments of Brent, the main North Sea crude, were quoted down 10 cents at \$26.76. Page 30

DOLLAR fell sharply in late London trading closing at DM 2.98 (DM 3.006), FFr 9.0775 (FFr 9.15), SwFr 2.4965 (SwFr 2.5185) and Y248.0 (Y247.0). One Bank of England fig-ures the dollar's exchange index fell

to 142.7 from 143.1. Page 31. STERLING gained 1.75 cents against the dollar in London to fin-ish at \$1.345. It was also higher at DM 4.005 (DM 3.99), FFr 12.23 (FFr 12.145), SwFr 3.355 (SWFr 3.34) and Y330.5 (Y327.75). The pound's exchange index rose 0.2 to 82.2. Page

GOLD: In New York the Comex August settlement was \$318.60. Gold rose \$3.50 on the London bullion

market to \$315.25 but fell \$2.25 in Zurich to \$309.50. Page 30 BOMBAY Stock Exchange may ask

brokers to cut outstanding business volume in forward trading by about 10 per cent in an effort to end spec ulation and soaring share prices. Page 20

ISRAEL has decided to suspend implementation of emergency decrees imposing wage cuts and dis-missals of public sector workers in order to defuse growing labour un-

gramme. Page 4 U.S. Securities and Exchange Commission has warned companies not to mislead investors during take-

over talks, accusing Carnation, the dairy products group, of making materially false and misleading statements in 1984 when it twice denied it was in talks with Nestlé of Switzerland, Page 18

SWISS BANK general index was pushed through the 500-point psy-chological barrier yesterday as a result of strong demand for Swiss shares from foreign investors. The index ended up 6 at 505.1. Demand growing, Page 17; Markets, Page 38 SIEMENS, West German electrical group, has called for clarification of the financing arrangements for proposed U.S. star wars and European Eureka research programmes. It expects its earnings to rise 20 per

cent this year. Page 17 HANSON TRUST shareholders subscribed for only 8 per cent of the £149m (\$290m) worth of preference shares on offer in the British indus-

Why Montedison tied another knot in the Italian corporate web

THE DRAMATIC stock market and health care group still has more coup which led to yesterday's officonfirmation from Italy's had taken effective control - 37 per year after suffering total losses of its own, the co cent - of the Bl-Invest financial, more than \$650m in the past three not convincing. property and industrial holding years. company is far more than a L200bn (\$100m) acquisition. It also has implications for Italy's network of private sector industrial and financial

The Montedison coup puts the spotlight again on the northern Italian sphere of influence, which tends fame, Mediobanca, the powerful merchant bank, and Montedison itself. The giant chemicals, energy subsidiary through which the BI-In-epitomises the interweaving of fi-

power which go far beyond the deal

growing, mail-order catalogues and portfolio and Montedison holdings.
And while Meta, the Montedison
Gemina is the

vest stake was bought from a mysthich led to yesterday's offi-confirmation from Italy's times its share capital), and is pre-raiders, could arguably weld togeth-dicting a return to the black this er some BI-Invest subsidiaries with its own, the concept of synergy is

Montedison's sudden decision to The primary question being spend \$100m in 24 hours last Wed-asked in Milan yesterday was why mesday and Thursday is believed to Montedison, a group which is only just emerging from years of crisis Mario Schimberni, Montedison and radical restructuring, should go chairman, that the BI-Invest stake into the sectors of insurance, wine could fall into the hands of financial foes who would then control spotlight again on the northern Italian sphere of influence, which tends to include the Agnelli family of Fiat of "synergy" between the BI-Invest Gemina - which itself owns 17.1 per

nancial power among the Agnellis, Pirellis and other forces of northern Italy. Gemina is 28.9 per cent con-trolled by the Agnelii family, 17.6 per cent controlled by Mediobanca

BY JAMES BUXTON IN ROME AND ALAN FRIEDMAN IN MILAN

and among other things controls the Rizzoli publishing group, which owns the Corriere della Sera. In this context, the BI-Invest group has been at best a junior partner of the Agnellis and others. Sig Carlo Bonomi, the BI-Invest chairman, inherited the chairmanship from his mother, known as "Signora Anna" and one of the toughest financial operators Milan has ever known.

But the Bonomi family stake in BI-Invest was only 30 per cent and Sig Bonomi's attempts over the past cheli group.

year to streamline the ground that Montaison vociferously denies make some sense of its diverse in that it knew about the stock market terests - insurance, pulp and paper, operations, or intended to act to textiles, wine, property - have con-sisted mainly of selling off assets to the surprise offer came last Wedreduce debt.

having last Wednesday received a letter from the mystery consortium directed by Sig Francesco Micheli, a Milan-based art auction house dealer and a board member at Morental and a board m gan Grenfell. Montedison negotiated to buy the BI-Invest stake last
Thursday and Sig Schimberni approved the signing of the deal on
Friday, after BI-Invest shares had

Continued on Page 16 jumped by 176 per cent in four weeks of stealthy buying by the Mi-

nesday. And it stresses that even Now Montedison is in control, for a lossmaking chemicals giant,

share stake held by Gemina. The

Continued on Page 16 Montedison shares hit 1985 high,

Dow Jones gets big stake in Telerate as Exco sells out

BY CHARLES BATCHELOR IN LONDON

Street Journal, is to buy a large holding in Telerate, one of the leading suppliers of electronic business information, in a move which high-lights the concentration of the business information market in the hands of a small group of major

Dow Jones and the privately owned Oklahoma Publishing Company, announced yesterday that they plan to pay \$480m in cash for the 52 per cent holding in Telerate currently owned by Exco International, one of Britain's leading money broking companies.

This deal will leave Dow Jones with a 32 per cent interest in Telerate, a U.S. based company which is listed on the New York Stock Ex-change, while Oklahoma Publishing will take a 20 per cent hold-

competition in the international husiness information market was a major reason for his company's de- Reuters. cision to pull out.

Only last month American Telephone and Telegraph (AT&T) announced a link-up with Quotron, the electronic information service spetters in the six months to March 31 after a profunction of \$28.7m on turnover of \$114m in the electronic information service spetters and the six months to March 31 after a profunction of \$28.7m on turnover of \$114m in the electronic information service spetters and the six months are also as a service spetters and the six months to March 31 after a profunction of \$28.7m on turnover of \$114m in the phone and Telegraph (AT&T) announced a link-up with Quotron, the six months to March 31 after a profunction of \$10.00 and \$10.00 a cialising in U.S. stock prices, to develop a computer-based financial information system aimed at Wall

brokerage house, have been working for the past 18 months on a sim- most fully worked out offer. ilar system called Imnet, while Reuters, the leading British group, has supplier of news ticker services to taken over a clutch of technology-

DOW JONES, publisher of the Wall based companies since it went pub- Telerate's operation outside the lic just over a year ago.

Mr Gunn said: "Over the past year the larger corporations, both the information carriers and the hardware companies, have been commit more management more technical resources - which we don't have - and more financial resources. We have nowhere near enough of these to play in the really

big league."
Telerate provides constantly updated information on the world's financial markets to stockbrokers, banks, companies and other financial institutions through more than 24,000 video display screens.

A relative newcomer to the business information market, Telerate was set up in 1966 and has grown rapidly under its founder and presi-Mr John Gunn, Exco's chief ex-dent, Mr Neil Hirsch. It is market ecutive, acknowledged that growing leader in areas such as U.S. governdent, Mr Neil Hirsch. It is market park and a hotel. ment debt, but has not achieved the worldwide scope of its major rival,

> Shareholders' equity amounted to \$127.9m at the end of 1984. Exco said it offered its holding in

Telerate to a number of potential IBM and Merrill Lynch, the U.S. purchasers but Dow Jones responded in only 2% weeks with the Dow Jones has been a long-time

U.S. with the Associated Press.

Dow Jones has a broad range of business publishing interests from its flagship newspaper, the Wall Street Journal, and Barron's magagetting more and more interested zine, to its ticker-tape and video in this market. We would have to screen news services, and local newspapers. It made pre-tax profits of \$129m on turnover of \$966m in its last full year.

Oklahoma Publishing is an Oklahoma City-based company which publishes the Daily Oklahoman and

the Colorado Springs Sun.

It also owns, through Gaylord
Broadcasting, television stations in
Houston, Seattle, Dallas-Fort
Worth, Tampa, Cleveland, Milwankee and New Orleans. It has radio stations, interests in cable TV and owns Opryland USA in Nashville, which takes in country and western music's Grand Ole Opry, a theme

he Excost rate, a small premium to the \$18% closing price of the shares on Fri-Telerate made a pre-tax profit of Telerate contributed \$15.7m of at-

> tributable profits to Exco while Exco recieved a further \$5.3m worth of gross dividends on its shareholding in the year ended December 1984. Dow Jones and Oklahoma Publishing do not intend to make an offer for any further Telerate shares and the company will continue to be listed on the New York Stock Ex-

Lex, Page 16; Background,

French bid for EEC transport

By Paul Betts in Paris

FRANCE proposed yesterday the launching of a major European infrastructure programme to rein-force road and transport communications in the EEC.

The proposal was made by the Conseil Economique et Social, the French state economic advisory body, in its half-yearly economic re-

The infrastructure programme would be essentially concentrated in Mediterranean regions to ease the problems of integrating Spain and Portugal into the EEC.

But the Conseil Economique et Social also sees the programme as a way of helping to boost growth in France at a time of heavy unem-ployment. The report by the influential state body warns that unemployment continues to be the major concern of the French economy and that action must be taken both at the domestic and European level to stimulate growth to tackle this crucial issue.

Apart from the new infrastruc-Dow Jones and Oklahoma Pub- ture programme, the Conseil Econlishing have agreed to pay \$20 a omique calls for greater European share for the Even stake in Tele industrial and technological collaband Eureka programmes, a strengthening of European monetary co-operation with the Ecu assuming a more important role more

quickly, and better co-ordination in European economic policies... In France, it recommends new fiscal measures to encourage indus-trial investment and economic policies to help to increase purchasing power in France.

The first-half report on the state and prospects of the French economy estimates gross domestic prod-

Continued on Page 16 tions that it is substantial" and that

Ministers admit infrastructure in programme UK needs repair

public buildings, bridges and sew-ers - is now in urgent need of re-Even those n tomorrow's meeting of the National

Economic Development Council (NEDC). ernment, industry and trade

The reports, from all the major ment of high educational stangovernment spending departments, will be used by union and business leaders attending the NEDC meeting to press the case for a boost to public investment. In some of the papers - particularly the two from Mrs Linda Chalker, the Transport Minister - the Government concedes that some investment programmes could be brought forward.

The exercise is seen by the Trades Union Congress (TUC) and the Confederation of British Industry (CBI), the leading employers cus on the linked issue of new jobs group, as a limited but useful suc- and will consider a key paper cess in their joint behind the scenes from Mr Cassels which summ oration on the lines of the Esprit expenditure programmes from the CBI and TUC - and attempts to Conservative Government.

All parties have played these discussions in a low key, because of the sensitivity of the public expend-iture issue. The discussions have been notable, however, for the cooperation between TUC and CBI officials, of a kind not seen since the Thatcher Government took office in

In an overview of the Government papers, Mr John Cassels, the NEDC director-general, said it was not possible to quantify the investment needed - though no one ques-

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON BRITAIN's infrastructure - roads, "it will cost more to remedy the

Even those ministers who are pair, according to confidential reports from government ministers to expenditure recognise that the oblem is acute. Sir Keith Joseph, the Education Secretary, admits in his paper that "a significant propor-The NEDC is a tripartite discussion group bringing together Goving educated in buildings that are unsatisfactorily maintained - this will make more difficult the attain-

> The Department of Health and Social Security says that repairs to its buildings - mainly hospitals would require expenditure of £1.7bm (\$2.28bn) – while the Department of the Environment says that some 1m houses are in a serious condition, and that £10bn would be required to bring the housing stock up to acceptable modern standards.

The NEDC meeting will also fopoint a way forward for them.

He says that a combination of increased demand and wage moderation could begin to cut unemploy ment - with the combination of the two being "two or three times" more effective than pay restraint alone. He says: "The important point is that some addition to annual demand in response to slower pay increases should make possible higher output and employment without accelerating inflation."

UK public spending targets,

UK lifts Argentine trade ban but stands firm on Falklands

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, IN LONDON

tina, and comes exactly a year after tentative Anglo-Argentine talks col-lapsed in Switzerland. The lifting of the ban, which

came into effect at midnight yester-day, was announced in a written reply by Sir Geoffrey Howe, the Foreign Secretary, to a House of Commons question

The question was answered as Sir Geoffrey began a two-day visit to Brazil, which has been responsible for looking after Argentina's interests in the UK since diplomatic relations were broken as a result of the conflict. During his conversations in Brazil Sir Geoffrey is expected to stress Britain's desire to renew a dialogue

BRITAIN yesterday lifted its ban Geoffrey firmly stated that "the on trade with Argentina, which has question of sovereignty over the been in force since the Falklands Falklands Islands is not for discussion." However, he emphasised the The move is the first significant concession made by Britain to restore normal relations with Argennomic relations and said that the concession made by Britain to restore normal commercial and ecoports like corned beef and other meats. ban was being lifted in this context,

> move in a positive light. Ever since last year's abortive talks, the Foreign Office has been searching for ways to restart the dialogue. The only previous notable concession was London's lifting of the ban on imancial transactions –

ing with Argentina's foreign debt. Before the 1982 conflict Britain was selling £161m (\$215.7m at current rates) worth of goods to Argenina and importing £136m. Since then, Argentina has allowed in with Argentina and more generally some essential goods on a very se-

entine goods last year, according to Department of Trade figures. Since the Falklands conflict, Britain has diversified away from Arg-

Argentina, because of its austeri ty programme and shortage of for-eign exchange, has drastically British Foreign Office officials said last night that they hoped that Buenos Aires would interpret the pruned its imports, which in Britain's case were boosted by substantial military sales.

The British Government believes that the next move will have to come from Argentina. However, President Raul Alfonsin and his ministers have made it clear that for them to make any concessions it essential for the British banks dealis essential that Britain state its willingness to discuss the issue of the Falklands' sovereignty.

The Swiss talks formula was that Britain allow the sovereignty issue to be raised formally and then the diplomats pass on to practical matters to improve relations. This fortrial holding group's recent rights to demonstrate to Latin America issue. Hanson also confirmed that the UK is anxious to put the less than 50 per cent of £370m of or less than 50 per cent of £370m of or line is parliamentary answer, Sir the import of £65,000 worth of Argumentary passed over.

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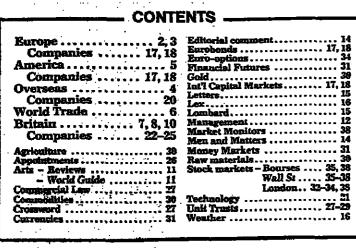
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Europe: France calls up Capital Markets: frontiers Nicaragua: sharp change in Lombard: a proposal for Trade: Malaysia's Proton car Technology: new factory takes to the road 6 rules West must learn 21 Management: dealing with Lex: Exco/Telerate; Siemens; unemployment 12 Euromarkets 16 Editorial comment: Opec: Zaire: Spain 14 Survey Section III

Vatican bid

with Prague

By Our Berlin Correspondent

THE VATICAN'S Secretary of

State. Cardinal Agostino Casa-

roli, held delicate talks yester-day with officials in Prague in

an attempt to case the often tense relationship between

to improve

relations

Kyprianou in Athens amid reports of overture to the Right

PRESIDENT Spyros Kyprianou tionally by the Greek Cypriots of Cyprus arrived in Athens but not yet by the Turkish yesterday for another round of Cyprots, a matter which Mr talks with the Greek Government amud intense speculation raised with the leader of the asymptogeness with the leader of the talks collapsed. Mr Clerides, in of a significant shift in Greek community. We Rouf Deptate the community of control of the development and intense speculation of a significant shift in Greek community. We Rouf Deptate the community of control of control of control of control of the development and intense speculation of a significant shift in Greek community. We Rouf Deptate the control of control of control of the control of of a significant shift in Greek-community, Mr Rauf Denktash, Cypriot party political alliances in Nicosia.

four weeks, also comes on the heels of a tour of the region last week by Mr Richard Haas, the U.S. State Department's Glafkos Clerides, leader of the special co-ordinator for Cyprus. Washington is backing a draft peace plan for Cyprus drawn up a possible political alliance in by Sr Javier Perez de Cuellar, the UN secretary general. The plan has been accepted uncondi-

Poland's plans

for investment

The plan for 1986-1990 will finally

be accepted by a party congress next year but the draft proposals

are due to come up in parliament at the end of this month.

FINANCIAL TIMES

Branch, represented by E. Hugo. Frankfurt/Main, and, as mem-

bers of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London, Printer: Frank-

Since Mr Kyprianou's last His visit, the second here in visit to Athens, Greek Cypriot our weeks, also comes on the newspapers have reported that newspapers have reported that the President has launched exploratory talks with Mr Glafkos Clerides, leader of the right-wing. Democratic Rally

The President dissolved an alliance with the pro-Moscow

a marriage of convenience with the Communists, began to press the Communists, began to press has survived yet another for the President's resignation political crisis. and the holding of early elec-

offer in favour of holding out for an attempt at the Presidency himself. But Mr Kyprianou has paper linked the latest develop-resisted all pressure to resign, ments with Mr Haas's visit,

considerably, and means that he

The Communists, for their tions to replace him.

Mr Kyprianou had reportedly firstation between the President offered to form an alliance and the right-wing opposition with Mr Clerides on his return on the U.S. Washington disfrom New York, but at the time the Rally leader rejected the tion of the alliance between Mr Kyprianou and Akel last winter. The Communist Party news-

of discussion in Mr Ryprianou's island would be an independent talks today with Mr Andreas Papandreou, the Greek Prime ship a Greek Cypriot president Minister. Both Mr Clerides and and a Turkish Cypriot vice Mr Ezekias Papaioannou, the general secretary of Akel, are expected in Athens this week for talks with Mr Papandreou, Mr Kyprianou and Mr Papandreou are also expected to which have occupied the they do not repeat of the thing do not repe

cludes Akel from political ing in the interests of improv-developments on the island. ing relations between Greece developments on the island.

The elaborate party political and Turkey in Nato's southballet in Nicosia is expected to be at least one of the topics conal federation in Cyprus, The island would be an independent

population, want urkey to be a guarantor, and would also like a Turkish military presence to remain on the island for security reasons. The Greek Cypriots are opposed to both these ideas, because they say they do not want to risk a repeat of the events of 1974. when Turkey exercised its guar antor rights to invade the island in reaction to a Greek military

church and state in Czecho The meeting with the head of the government secretariat for church affairs came the day Catholics from all over the country gathered in the Moravian village of Velchrad to mark the 1,100th anniversary of the death of St Methodius, the apostic of the Slavs.

Cardinal Casaroli, attending as the personal emissary of Pope as the personal emissary of Pope
John Paul II, read a papal
message saying that, in spirit,
he was with the Ezechoslovak
worshippers. The Pope had been
invited to the ceremonies
hv. Czechoslovakia's sutspoken
Cardinal Frantisck Tomasck, but the Government vetoed his visit. He has been attacked repeatedly in the official Czecho-slovakia media since the rise of

the Solidarity labour movement in Poland in 1980. Cardinal Basil Hume from Britain and Catholic dignitaries from other European countries were also denied visas. The Austrian, government said the decision to bar Austria's Cardinal Franz Koenig would hamper steps to improve strained relations between

Vienna and Prague.

During the reading of the Pope's message worshippers frequently called out "Let the Pope come" and "Long live the Pope." Cardinal Casaroli was greeted with thunderous applause when he called the Czechoslevak Catholics the descendants of St Methodius.

By contrast the government's representative Mr Milsn Klusak the Czechoslovak Cul-ture Minister, spoke of the merits of the brother saints Methodius and Cyril in develop-ing the language and literature of the Stavic peoples.

The talks between Cardinal Casaroli and the government are likely to have centred on

David Marsh in Paris describes work on a cheap alternative to insecticides

France calls up insects for the war on crop pests

under attack By Christopher Bobinski in this summer will be seething year turnover Union Nationale investors. with insect strife—part of a des Cooperatives Agricoles The tin biological war on crop predators d'Aprovisionnement which French agricultural the country's larges THE CHAIRMAN of the Polish Government's economic advisor-

scientists hope eventually could turn into a lucrative intergroup (KRG) has added his voice to the mounting chorus of criticism of national business. draft investment plans for the 1986-The luckless objects of the battle are the pyralid moths. Known to farmers as cornborers, they penetrate into cereal stalks and represent a The debate on future investment reflects a major clash between the capital-intensive primary industry lobbies and the more modern and permanent threat to maizeefficient branches eager to secure

the French agronomical research institute Inra have been carrying out work for a decade on...harnessing __microscopic wasps called trichogramma in the fight against the scourge.

The front has currently come to a halt around Tours on the

(Uncaa). the country's largest farmers' co-operative supply agency, has heen financing the experiments to the tune of several million Uncaa is now trying to raise venture capital funds and forge partnerships with industrial groups to launch the product into the commercial stage. It

growers across a wide swathe claims that insect warfare can of central Europe. The pest is represent a cheaper and less now spreading out westwards complicated way of getting rid through France. At an experimental research M Bernard Raynaud of station in the Mediterranean Uncaa's agronomical division hinterland near Antibes in the says the group hopes to conclude a deal with industrial companies possibly from the pharmaceutical or chemical sectors, within two to six

> He admits however, that inability to take out patents on trichogramma species which have been painstakingly have been used for generation ing particularly for unused at Roussel Uclaf, responds with ecologists, utopic selected over years of research by Russian peasants who have meat or vegetable refrigeration the confidence of an official not kind to us."

The tiny insects—about 1 mm in size—make their cora-field sallies by laying eggs, cuckoolike, in the eggs of the much larger pyralids and thus destroying them. Spread on to fields in the form of already. fields in the form of alreadyparasited pyralid eggs contained in papier-maché capsules, the invading trichogramma — about 240,000 are enough to treat one acre, in three doses-achive a rate of pyralid extermination comparable to insecticides.

Tests have been made with about 200 different types of Researchers at one stage were set back two to three years by putting all their eggs—figuratively speaking—in the basket of a particular trichoto have lost its aggressive character.

Different types of the insect

reputedly bred them in rabbit hutches — to fight predators. Trichogramma, in different Trichogramma, in different variants, also have the capability to fight specific pyralids which attack crops as varied and important as cane sugar, cotton and rice—opening up, Uncaa believes, world-wide potential for industrial-scale applications. Starting from the end of last month, the insect warriors will be spread over about 5,000 acres of maize fields in the Rhone-Alpes region, Alsace, the Paris basin and the Loire valley

in order to pre-empt the pryalid breeding season. This represents only a small part of the Im acres of French farmland under threat from the predator (about one sixth of the total maize-planted area). Unca, which is also carrying out tests with the techniques in Italy and Austria, hopes to spread its trichogramma activities over 20,000 acres next year. With an industrial partner—it is look-

able part of the trichogramma chain — Uncaq believes it could work up quickly to treating 100,000 acres a year. As well as offering the advantages of non-toxicity and easy

handling chemical handling compared with chemical methods, tricho-gramma treatment can be applied irrespective of weather conditions. And, especially for farmers with small plots (the majority of French maize growers), the method is reasonably economical.
Uncaa believes that tricho-

farmers at about the same price acres)—as the dominant anti-pyralid insecticide on the market, the best-selling Decis (deltamethrine) which is the star product of the Franco-German pharmaceuticals group Roussel-Uclaf.

M Henri Simonet, an official

earns more than FFr 1.25bn in world-wide sales from insecti-"For the next 20 years I will

not believe in it (the tricho-gramma treatment). We don't fear it; it's too theoretical."

However, down at the Antibes research centre, amid a confusion of egg-hatching cordboard drums and refrigeration apparatus. M. Pierre Jourdeuil, the centre's director, is quietly confident about the future.

By coming up with tech-niques which enable the insects to be produced practically all the year round, as well as out loss of efficiency, he says "We have turned an artisinal method into an industrial product." Signs that trichogramma treatment are at last winning attention come not a moment "People thought we were little

Pace of West Berlin economic recovery overtakes W. Germany's

BY LESUE COLITT IN BERLIN

GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985. FINANCIAL TIMES. USPS No 199640, published daily except Sundays and holidays. U.S. sub-scription rates \$365.00 per an-num. Second class postage paid at New York, N.Y. and at addibegun last year and outpaced the West German economy in the first quarter of this year. tional mailing offices. POST-MASTER: send address changes to FINANCIAL TIMES, 14 East Production in West Berlin's important processing industry rose 68 per cent against 34 per cent in West Germany. The number of control of the control of th 60th Street, New York, N.Y.

Two per cent more West Berliners had industrial jobs, compared with the first quarter last year, compared with 0.7 se 6.8 per cent against 3.4 per cent more in West Germany. The number of jobs in West imber of employed West Berlin industry had fallen con-

west Berlin and a large West company which in 1983 had drastically cut its Berlin capacity or of the Berlin economy, and employees opened new which was regarded as obsolesplants, in the city and rehired workers.

Industrial orders in West of the serious control of the seriou

THE WEST BERLIN economy, in dire straits only a few years ago, has continued the recovery begun last year and outpaced to created:

Sistently over the past 15 years. Berlin were up by a seasonally city's real gross national proing to West Berlin.

West Berlin were up by a seasonally city's real gross national proing to West Berlin.

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West Berlin and a large West especially strong Chemical procent for Cent growth forecast for West average of DM 35,000 (£8,816).

ELECTRICITY

LANGUAGE OF

TALKS THE

INDUSTRY



Here at Revion, replacing our central oil-fired boiler with an electrode boiler has saved us £49,000 a year in fuel and maintenance costs. On a capital investment of £10,000

we've achieved a pay-back of under three months. Furthermore, response is faster so our production flexibility is improved.

Electricity talks our language very fluently indeed.



Malcolm Bond, General Manager, Revion Manufacturing UK Limited, Maesteg, Mid Glamorgan.

Across the country, in companies both large and small, electricity is helping industry reduce costs and increase productivity.

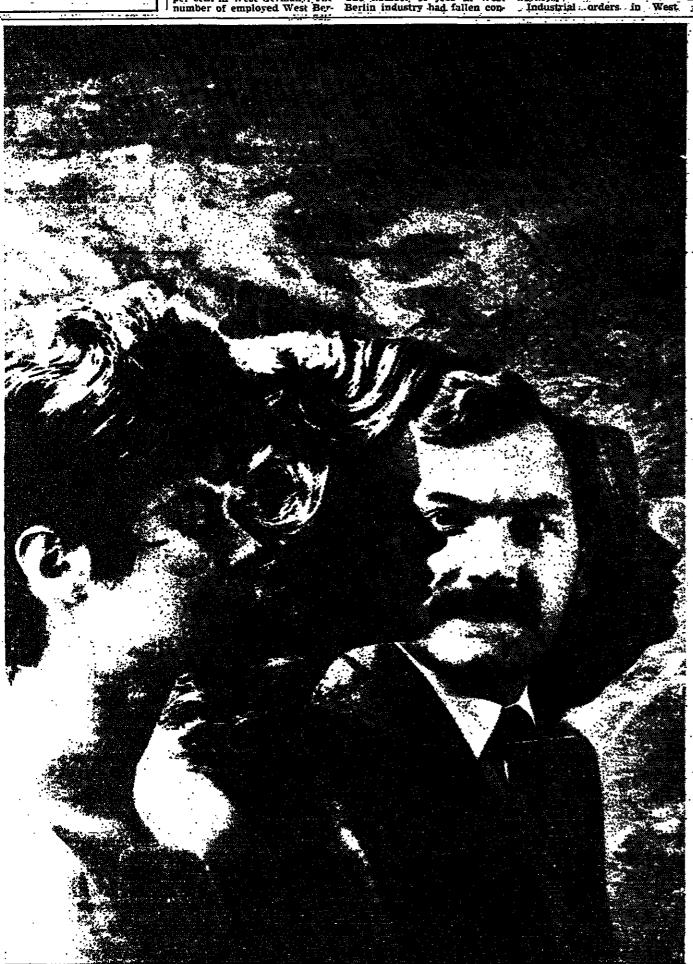
An electric furnace has enabled the Rexel Cumberland Pencil Company Limited to more than double their weekly output of graphite pencil cores and has cut process energy costs by over 50%. Together with labour and material savings, Rexel's investment has been offset in under 10 months.

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The list of examples is growing daily. All proving that electricity is likely to talk your language, too.

We've produced a 15-minute VHS video on which managers from industry describe how electricity has improved their companies' efficiency and productivity. For your free copy, or for further information, just return this coupon with your business card, letterhead or compliments slip attached.

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	INVESTED The energy-eff The Electricity Chancal England	icient switch



Spanish King

in France to

improve ties

KING JUAN CARLOS of Spain began yesterday a three-day official visit to France designed

to strengthen ties between the

France, is considered to have considerable symbolic sig-nificance coming so soon after

the Spanish signing of the accession treaty to the EEC.

France sees the visit as a gesture of reconciliation between the two countries which have had a series of long

running differences especially on agricultural exports and on

the presence of Basque ex-tremists in France.

President Francois Mitterrand emphasised again before King

The visit, his second to

By Our Paris Staff

EEC applies new limits on farm spending

European Community finance

European Community finance ministers yesterday brought into play for the first time the new system of budgetary discipline designed to hold back agricultural spending.

They accepted a limit of Ecu 20.6bn (£11.5bn) for the 1986 financial year, thus immediately constraining any ambitions among farm ministers next year for anything but a modest for anything but a modest increase in spending.

Under the Community's new budget discipline rules, agricul-tural spending must not rise faster proportionately than in Community revenues.

The figure of Ecu 20.6bn covers spending on price support for farmers and the subsidising of exports. Rural social reform spending comes under a different budget head-

treaty is due to be ratified to-morrow in a week-long mara-

debate may be stormy. The

BY RUPERT CORNWELL IN BONN

at least provisionally - yesterday, when a Hamburg court handed down sentences of over four years each to the two main defendants.

for their part in arguably the larg-

est and most spectacular literary

Herr Konrad Kujau, a former nightclub owner and dealer in Nazi

memorabilia from Stuttgart who

forged the purported diaries for

which Stern magazine paid DM 9.32m (\$3.1m), received a term of

four years and six months, while Herr Gerd Heidemann, the former

fraud this century.

years and eight months.

PORTUGAL'S EEC accession Parliament to decide such vital

morrow in a week-long mara-thon that will enable Parlia-ment to wind up pressing busi-ness before it is dissolved next Eanes to call a snap general election in October when he

With the absolute majority of failed to persuad political the 250 deputies in favour of parties, other than the ruling membership, the treaty is not likely to be at risk, but the government that could tide

minority Communists not only are anti-membership, they dis-dential elections.

matters.

THE UK Government now supports the European Community agreement to cut car exhaust emissions, Mr Nigel Lawson, the Chancellor of the Exchequer, announced at a meeting of EEC finance ministers in Brussels yester-day, writes Kenneth Gooding. Motor Industry Correspondent.

With agreement originally reached on June 28, Britain's Environment Minister, Mr William Waldegrave, said he would have to obtain his Government's approval. That

spending budget of Ecu 20.4bn. just under the limit agreed by finance ministers who limit was worked out according to politically agreed formulae. This constitutes an increase of 2.4 per cent on the 1985 figure.

Parliament's life was abruptly

over the affairs of state until

abouts of nearly half the sum paid

by the magazine in its pursuit of

Herr Heidemann for the purchase

of the diaries, 60 volumes in all, be-

tween 1981 and shortly before

publication of the first excerpts in

April 1983. Within a fortnight, how-ever, they had been conclusively

proved to be complete, and not par-

Judge Schroeder told a packed

ticularly skilful, fakes.

the sensational worldwide scoop.

has now been forthcoming in spite of an intense campaign by BL, the state-owned vehicles group, which at the weekend claimed the pro-posed standards would cost the British economy more than film in higher car prices, greater fuel usage and inspection, and main-tenance of the catalyst systems

Only the Danes are now holding out against the agree-ment—on the grounds that the proposals are not stiff

Ecu 34.9hn for 12 members-Spain and Portugal join at the beginning of 1986 — or Ecu 31.8bn on the basis of a Community of 10.

But the budget discipline rules provide for new limits in However, the Commission has The total Community budget the event of exceptional circum-which already proposed a 1986 farm proposed by the Commission is stances, among which are approach.

leader of the minority Social

Democrats, suddenly decided to pul his party's representatives out of the two-year-old centre-

Engineered largely to ham-

per the presidential aspirations

of Sr Mario Soares, the Socialist leader, the Social Democrat

withdrawal hit the Government

just as it had begun the most

active stage of EEC prepara-

THE "Hitler Diaries" trial ended - in his four-hour explanation of the not, as he had vainly claimed, made at least provisionally - yesterday, when a Hamburg court handed in his four-hour explanation of the not, as he had vainly claimed, made over the DM 9.32m "to the last pfenmystery - most notably the where- nig" to Herr Kujau.

Schroeder had harsh words for the self an addict of Nazi memorabilia, magazine. He accused the small had run into financial difficulties group of senior editors who were in after he had bought a yacht which

nig" to Herr Kujau.

The amount that he had "chan-

nelled off", however, was no more than "at least DM 2.1m," while Herr

forged diaries as well as for other

items. This would seem to leave

Yesterday's verdicts, against which lawyers of both convicted

men served notice of appeal, bring down the curtain on a 10-month ex-

travaganza which has not only cast

much light on the bizarre Third Reich relics industry in West Ger-

many, but has also been a huge em-

ment for Stern itself.

In his final summing-up, Judge

about DM 4.5m unaccounted for.

Gen. Eames was forced to tions. These include sifting munity members

Stern entrusted the money to Kujau himself had apparently re-Herr Heidemann for the purchase ceived about DM 2.7m for the

left coalition government.

enlargement. So the finance ministers' agreement could prove to be shortlived

The limit on farm spending came up early in yesterday's discussions and met no dissent. but the ministers ran into difficulties on where to pitch the limit on other forms of

community spending.

Two types of expenditure were at issue—spending which has to take place outside agriculture, like aid programmes and farm spending other than that covered in the price support and export programmes. and optional spending covering Community programmes of, for example, research and energy.

Divisions emerged between countries like West Germany. France, Britain and the Netherlands which wanted strict application of limits and others like Italy and Greece favoured a looser

emphasised again before King Juan Carlos's arrival yesterday that France welcomed Spain's entry into the EEC and that the desire of both countries to reach an understanding had been far stronger than the agricultural dispute.

Spain has also appreciated the French Government's recent approach to the problem of Rough passage likely for Portuguese treaty cent approach to the problem of Basque extremists living in France. For the first time, France agreed to extradite three intervene in mid-June when regional projects that, must be Sr Anibal Cacvaco Silva, new submitted to Brussels no later people accused of murders by the Spanish authorities, than this month if they are to qualify for the first tranche of

Despite this marked improvement in the relations between the governments of the two countries, the French press published opinion polls yesterday showing that more than 50 per cent of Spaniards still regard France with distrust and King Juan Carlos, who last

It was not clear last night just

how much of their sentences the two men would serve. Herr Heide-

mann was released after the ver-

the court said, and partly because

he had already been held in custody

dict; partly for reasons of his age.

development funds that could bring as much as Ecu 300m (£168m) a year for investment in backward areas. The crisis has also hurt Portugal's weakest sector, agrirollure, which will be helped in the first 10 years of Acces-sion by an Ecu 700m structural aid programme, of a type never came on an official visit to France in 1976, is due to have before granted to new Comtalks with President Mitterrand

Two sentenced to jail for 'Hitler diaries' fraud

BTA, said had been allowed to leave Sofia because Bulgarian authorities found "no proof of any participation by Celenk in the attempt on the

He was wanted in Turkey on a warrant linking him with weapons smuggling that fuelled a wave of violence prior to the coup.

Italy has no formal treaty with Turkey for the extradition of defendants, but Turkey has ratified a European convention agreeing to international co-operation on ter-

rorist offences.

Sig Antonio Marini, the prosecutor, asked that permission be for the past two years, during first the investigation and then the trial. sought from Turkey for court repre-The third defendant, Herr Kusentatives to question Celenk in u's longstanding girlfriend Edith According to the judge, not only
Stern but also Herr Heidemann
himself had been convinced of the
grounds that she had been an ac-Turkey. But after an adjournment, Sig Santiapichi asked court officials to request Celenk's extradition from authenticity of the diaries. He sur- complice to the fraud, although not | Turkey.

'Pope plot' court asks for extradition

THE COURT in Rome which is investigating an alleged plot to kill the Pope decided yesterday to ask Turkey to extradite Mr Bekir Celenk, a defendant unexpectedly released and sent home by Bulgaria

at the weekend.
Mr Celenk, 50, alleged to have hired Turkish gunman Mehmet Ali Agca to shoot the Pope, was in the hands of Turkish security authorities on Sunday after arriving from

Agea, who has provided most of his fellow conspirators, refused to attend the trial yesterday in protest over Bulgaria's decision to send Celenk to Turkey, not Italy.

Exercising his right under Italian law not to attend, Agea told Sig Severino Santiapichi, president of the court, in a note: "I am not coming to the trial because I protest against and condemn the Bulgarian action. It is all part of a political plot between the Bulgarian and Turkish

Agea, 27, is serving a life sen-tence for shooting and wounding the Pope in St Peter's Square on May 13, 1981. He has alleged that Bulgarian and Soviet diplomats masterminded the alleged plot.

According to Agea, Celenk was the conspiracy paymaster. He had lived in Bulgaria under a form of house arrest since leaving Turkey after the 1980 military coup.
Italy tried twice to extradite him from Bulgaria, for this trial and on

charges of trafficking in weapons and drugs.
The Bulgarian news agency,

West Germany has DM 2.6bn surplus in balance of payments

DM 7.5bn and a current account surplus of DM 5.9bn—figures Agea, who has provided most of the evidence against four Turks and three Bulgarians accused of being bit fellow conspirators, refused to attend the trial yesterday in protest over Bulgaria's decision to send Ce-

deficit of DM 3.4bn in the same month of 1984, and helps contrasts with a showed a small net surplus in month of 1984, and helps contrasts with a deficit of of the D-mark against the dollar in recent weeks. This in turn reflects the growing confidence out of West Germany to take out of west Germany to take among foreign investors in West advantage of a booming dollar

A RENEWED strong inflow of foreign capital into West Germany helped the country to its first basic balance of payments surplus in May for seven months, the Bundesbank reported yesterday. reported vesterday.

The surplus, of DM 2.6bn important reason for the endurfor a month which saw a
further massive trade surplus of
further massive trade surplus of
for the surplus of the surplus of the Bundeshank noted, West
German investors have sharply

German economic prospects, and U.S. economy were at their not least the belief that the height.

Iberia cannot challenge British threat to flights

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT, IN LONDON

IBERIA, the Spanish national air- row from 14 to 11, without having line, cannot challenge in the En- given it an opportunity to make reglish courts a UK Government presentations to him. threat to reduce its flights to Lon-

court could not intervene because operate the daily flight out of Mathe case involved the interpretation drid. of an inter-state treaty - the 1950 The UK alleged that Spain was in air services agreement between the breach of the air services agree-UK and Spain - which was not part ment; Spain denied any breach and

of English domestic law. Mr Nicholas Ridley, Transport Secretary, had acted unfairly and in breach of natural justice by proposing to vary its operating permit, reducing its weekly flights to Heath-

Iberia complained that the

don, a judge ruled in London yester- threatened reduction was in retaliation for the Spanish Government's Mr Justice Taylor said that the refusal to allow British Airways to

argued that most European govern-Iberia had sought a ruling that ments reserved the first outward

Telecoms deal for Spaniards

MADRID - Spain's Compania Te- switchboards, data transmission lefonica Nacional de Espana and optical fibre equipment. He did (CTNE) will next week sign a \$98m not disclose financing details. letter of intent for the modernisa- Sr Luis Solana, chairman of tion and expansion of Ecuador's CTNE, said in a recent interview telephone system, a CTNE spokes- that he was seeking to expand mar-

He said the agreement called for in America.

kets for Spanish technology in Lat-

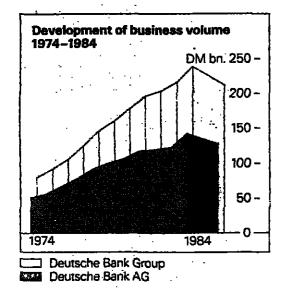
1984. A year's work.

star reporter on Stern who "dis-covered" them, was given four ings - during which 37 witnesses

years and eight months.

But, as the presiding judge, Herr
Hans-Ulrich Schroeder, made clear

gave evidence – since the trial
opened last August had demonstrated that Herr Heidemann had



Stabilization at level attained and further strengthening of capital base.

The development of the Group was decisively influenced in the year under review by the economic recovery at home and abroad. Business volumes increased more strongly than in the previous year.

Overall, the good operating result achieved in 1983 was repeated.

At year's end, Deutsche Bank Group had capital and reserves totalling DM 7.7 bn. including the capital increase of a nominal DM 113 m. carried out in spring 1984 at the parent company.

international business: market position strengthened.

Commercial foreign business, i.e. the financial settlement of exports and imports, profited in 1984 from the strong growth in German foreign trade. The financial side of one quarter of the Federal Republic of Germany's exports is settled via Deutsche Bank.

We improved our market position through intensive efforts to obtain new business and through the use of new settlement systems.

Improvement of range of services.

To strengthen our position on the markets, our business policy aimed

- expanding and improving our range of services for customers by means of new financing techniques and investment possibilities,

- using computer and telecommunications technology so as to offer conventional banking services more quickly, more efficiently and at lower cost, and

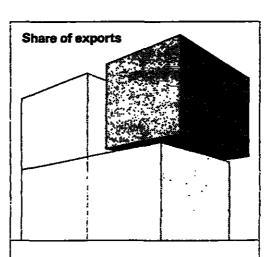
- intensifying our service to internationally operating customers through our foreign branches, subsidiaries and representative offices.

Successful foreign branches.

The business volume of our foreign branches expanded markedly in 1984, partly owing to exchange rate changes.

In lending business, our foreign branches not only served the branch establishments of German clients, but also to an increasing extent local firms. On the funding side, they used the opportunities available on international and local financial markets.

Here, it is our aim to make use of



on the project, of substantial con- had once belonged to Reichsmar-

tributory negligence" and of show- schall Hermann Goering.

mised that Herr Heidemann, him-directly responsible for it.

ing "the bunker mentality of conspi-

This had meant, he said, that the

question of whether the diaries

were genuine and in fact written by

The court found no reason what-

ever to doubt the confession of Herr

Kujau that he had written the dia-

Hitler himself was never raised.

The financial side of one quarter of the Federal Republic of Germany's exports is settled via Deutsche Bank.

the specific advantages of each

Bases, subsidiaries and associated companies abroad.

At year's end our foreign network comprised 15 branches, 9 whollyowned subsidiaries and 14 branches of European Asian Bank AG. In addition there were 19 representative offices abroad.

In the period under review we expanded our presence in Japan by opening a new sub-branch in Tokyo (Shinjuku district).

To strengthen our range of services in the new issue and placement business, we have set up an international investment banking subsidiary in London. It operates under the name Deutsche Bank Capital Markets Limited and engages chiefly in new issue business in foreign currencies and in Eurobond dealing and placement.

In particular the company cooperates closely with our New York

investment bank Deutsche Bank Capital Corporation (until 31.12.84: Atlantic Capital Corporation). With this change of name, we wish to underline the integration of this company into the overall range of services offered by Deutsche Bank Group.

In autumn we acquired 4.99% of the voting capital of Morgan Grenfell Holdings Ltd., the parent company of the London merchant bank Morgan Grenfell and Co. Ltd. We expect this to lead to a further intensification of the good cooperation between our two companies, particularly in securities business on the London market, in corporate financing and in export and project financing.

Deutsche Bank (Canada) can look back on a year in which balance sheet total and earnings increased and a good number of new relationships were established.

The same applies to Deutsche Credit Corporation, which operates in the U.S.A. in the sales financing sector. Its range of financings is also particularly interesting for small and medium-sized German exporting firms.

Project financings.

We further intensified our activities in the financing of large projects in the raw materials and energy production fields. We participated in a management capacity in several important projects.

Deutsche Bank Euro-issue business

Deutsche Bank AG acted in a management or co-management capacity for 51% of total Euro-issue volume.

Issuing business: successful new listings...

On the German share market we introduced the shares of 13 companies to the stock exchange in the year under review. We managed the placement of shares worth a total of DM 1.6 bn.

... and strong growth and diversification in international bond issues.

In the international new issue business we participated in 366 bond issues in a management capacity in 1984 (previous year 275). Thus the number of issues where we have acted in a management or co-management position has almost trebled in the last five years (1980: 128).

Mugabe supporters evict suspected Zanu-PF opponents

Robert Mugabe — announced he is to exclude Joshua

Nkomo's Zapu from his Gov-

members of the former cabinet, Senator Dennis Norman, Minis-

ter of Agriculture, and Mr Chris Andersen, Minister of the Public

Services, is not known.

Mr Andersen successfully stood as an independent in the election for 20 white seats.

Mr Mugabe is reported as repeating his warning that the

Government would take action against Zapu if anti-government

dissident activity continued in Matabeleland.

BANDS OF militant women sup-porters of Mr Robert Mugabe's victorious Zanu-PF Party have begun evicting suspected opponents from their homes in the Harare township of Mufakose.

There are also reports of similar incidents in Chitungwiza township, the towns of Bindura and Glendale north of Harare, and the midlands town of Kwe

In Mufakose possessions have been dumped on the road or pavement and the modest two or three roomed houses barred to the occupants, many of whom spent the night on the street or sought shelter with friends.

Up to 100 families may have been affected and a tour of the township yesterday showed that many streets had at least one pyramid of furniture, mats and

The action was blamed by residents on Zanu women members. The Mulakose constituency was won comfortably by the Zanu-PF candidate in last week's general election. He polled 39,000 votes against 4,000 and 2,300 respectively for candidates of Bishop Abel Muzorewa's UANC and Mr Joshua Nkomo's Zapu.

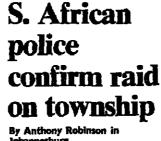
The women's anger, which comes in the wake of Mr Mugabe's renewed advocacy of a one party state, is apparently directed at the occupants of one of the affected houses, most of

of the affected houses, most or which are owned by the municipality.

Mr Mugabe, due to announce his cabinet this week, told a "It is now clear that Nkomv and the dissidents are allied," the Herald newspaper reported Mr Mugabe as saying.

"During the elections no dissident incidents were repornis cabinet this week, toid a rally in Harare on Sunday that Zapu, which held two deputy ministerial posts in the last administration, would be excluded from his new Government.

The future of the two white "During the elections no dissident incidents were reported in Matebeleland. These dissidents were busy coercing people to vote for Zapu and all the 15 seats got by the party were acquired this way."



SOUTH AFRICAN police yes-terday released details of a police raid on the East Rand ponce raid on the East Nand township of Duduza last Fri-day when six black people were killed in a series of

Police only confirmed the raid yesterday after local residents had claimed brutal treatment by halaclava-clad

Press photographs taken at the scene show that several of the armed police were wearing balaclava helmets covering their faces. A police official denied that the operation had been carried out by a special police "swat team" and said that balaclava hel-mets were worn by several of the men as protection against the winter cold.

against the winter cold.

Duduza, near the small white mining town of Nigel, east of Johannesburg, has seen sporadic violence for several months with repeated attacks on the homes of black policemen and local coun-cillors and a prolonged school boycott by radical students from the Congress of South

African Students (Cosas). On June 6 three founder members of Cosas were killed in Duduza when the hand grenades they were carry-ing exploded prematurely, apparently in the act of pulling out the priming pi Five other men were killed

in two other similar incidents There is widespread sus-picton in the townships that the men may have been supplied with booby-trapped grenades as part of a "dirty tricks" operation.

The funerals of those killed in the grenade incidents are due to take place on Wednesday in Duduza. This could lead to further violence

Asean fails to make headway on Kampuchea

by the six-member association of South East Asian Nations

(Asean), quickly looked doomed in the wake of earlier criticisms from Vietnam.

Meeting in Kuala Lumpur, foreign ministers of the six—Malaysia, Indonesia, Thailand, Singapore, the Philippines and Brunei — proposed indirect talks on Rampuchea between Vietnam and rebel groups fighting the Hanoi-backed Heng Samrin government in Phnom

Hanoi has already spurned this latest initiative for a appealed to Vietnam to ananom political settlement following its policy of "seeking a military wide publicity over recent days. solution to the Kampuchean problem." through an intermediary and would focus on the 1983 Asean

proposal for a withdrawal of foreign forces from Kampuchea and a United Nations-supervised

FRESH proposals to settle the intractable Kampuchean question formally adopted yesterday Mr George Shultz, the U.S.

Secretary of State, yesterday condemned the Vietnamese presence in Kampuchea as "arrogant and illegal" and pleaged continued U.S. sup-port for Thailand, Our Foreign Staff reports.

He was speaking at the signing of a \$3m (£2.3m) aid

Full details were formally communicated to Hanoi yesterday morning, and Asean called for a positive response. It also appealed to Vietnam to abandon

Vietnam, having toppled the Peking-backed Khmer Rouge regime in January 1979 after invading the country, still has about 180,000 troops fighting three rebel groups, belonging to the Khmer Rouge, the former

package to help thousands of That villagers displaced by fighting.

The Washington Post yesterday said that, according to "informed sources," the CIA had been covertly providing millions of Gollars a year since 1982 in "non-lethal" aid to the two non-Communist

ruler Prince Sihanouk and the

National

Khmer People's Liberation Front. The three make up the coall-tion Government of Democratic Rampuchea, which is backed by Asean and recognised by the UN. But Hanoi refuses to shift position until Khmer Rouge leader Pol Pot is "eliminated" and China's support for the Khmer Rouge ends.

The defeats it inflicted on the

resistance groups, including more than \$5m this year. The aid, funnelled through The aid, funnetica invogal Thatland, was said to be intended to strengthen the two non-Communist groups in their loose coalition with the Communist Khimer Rouge, although this was seen by many officials as a "long shot."

this year have clearly stiffened its resolve.

The idea for proximity talks first came from Malaysia, and originally foresaw indirect con-tacts between the rebel coalition and the Heng Samrin regime. But a Thai modification pro-posed talks between Vietnam and the coalition "which could also be attended by representa-tives of Heng Samrin as part of the Vietnamese delegation."
As this seems impossible for Vietnam to accept, the Asean

aim of demonstrating Ranoi's aim of demonstrating hands inflexibility may not be achieved, even though it is clearly Ascan which continues to come up with fresh proposals for a peaceful solution.

Vietnam's actions over Kampuches yesterday received their strongest condemnation from Mr. Suppish Dhanabalan, the Stopapora Foreign Minister.

Singapore Foreign Minister. In a statement to the mini-In a statement to the mini-sters' meeting he said Victuam had embarked on a systematic domination of Kampuchea: "The issue of Victuamene colonisation is something that none of us can dare to ignora." A peaceful solution was not possible in the face of "armed aggression and brutal repres-sion," he declared, adding: "There must be armed resist-There must be armed resist

He condemned Vielnamese incursions deep into Thailand over the past eight months, the biggest of which involved 3,000 troops moving 10 kms into Surin province in March.

India turns to private sector

note that efforts to raise domes-tic savings should be strength-"The correct role of foreign finance is to supplement domestic savings. It must not be a substitute for savings."

be a substitute for savings."

The Commission point out that because of the shortage of funds, not many new projects will be launched in the public sector during the seventh plan, and the private sector will, therefore, be given additional responsibility. This is a major change in policy since, in the past six plans, the emphasis has

private industry has been told by India's Planning Commission that it will be allowed to make substantial investments in key sectors of the economy in the seventh five-economy in the seventh five-ec PRIVATE INDUSTRY has been been on expansion of the public and for this reason the Plantold by India's Planning Comsector.

Hence the need for the private sector to assume a greater role in fulfilling the seventh plan's objectives of higher industrial growth. The Commis-sion has indicated that the private sector will be asked to invest as much as Rs 1,400bn (£88.3bn) in the five years. This is only marginally less than the Rs 1,800bn contemplated for the public sector.

However, the contributions from India's public financial institutions for private-sector investment will be much less,

vate industry will have to resources or on tapping capital markets. Policy changes to make this possible will follow.

The Commission says the private sector would have to aim at a growth rate of 9 to 10 per cent annually in the next five years "to respond flexibly to changes in the external environment."

It also says policies required make the best use of external finance are essentially the same as those required to make the best use of domestic resources. Thus, key economic prices must be aligned with opportunity costs, overvaluation of exchange rates should be avoided and foreign finance should be given only a simplementary. only a supplementary role.

Boost for Nakasone in Tokyo municipal elections

BY JUREK MARTIN IN TOKYO

THE TOKYO municipal elec-tions, held on Suhday with results announced yesterday, seem to have brought aid and comfort both to Japan's ruling Liberal Democratic Party and to Mr Yasuhiro Nakasone, the Prime Minister. The LDP won 57 seats in the

The LDF won 57 seats in the 127 member assembly, up from 52. Others winners were the well organised lay Buddhist party, Komeito, with 29 of its 30 candidates selected, up from 27 before, and the equally efficient Japan Communist Party with 19 seats, up from 16. Both clearly benefited from the low voter turn out, a mere 58.5 per

two other centrist parties, the hustings.

New Liberal Clab and the Democratic Socialists, also loss

ground.
The result means no change in the Tokyo government, because the LDP and Komelto, plus the two smallest parties.

Ar Nakasone's strategy in

striving for a third term in office is predicted on leading the LDP to a big general election victory. Such a demon-stration of national popularity, he believes, could frustrate his party fivels, who are intent on removing him more by stealth. support the conseravtive incumbent administration of Governor Shunichi Suzuki.

toent.

The Socialists, the largest national opposition party, won 11 seats, down from 15, while the seen had been seen had a harbinger for next year's Usper House vote and many national leaders, including the seats of the largest true at least of the largest true at least one and the largest true at least one at least to the largest true at least tr

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israel to delay wage cuts

By David Lennon in Tel Aviv

THE EMERGENCY decrees imposing wage cuts and dismissals of 10,000 public sector workers will not be implemented yet, government ministers and the trades union federation decided at a meeting vesterday.

The decision to suspend implementation of the decrees as taken against a background of growing labour unrest which threatened to paralyse large sectors of the economy. It is clearly an effort by the Government to defuse the tensions which have built up since the announcement a week ago of a new austerity programme.

Mr Israel Kessar, secretary general of the Histadrut Trades Union Federation, said after yesterday's meeting with Mr Shimon Peres, the Prime Minister, and other officials: "The Government is beginning to understand that it cannot achieve much, regarding wages,

through emergency decrees.

"The Government is entitled to take as much as it wants in taxes, but it cannot intervene in a wage agreement between me and the employers." Mr Kessar said the Government should conduct free

negotiations about wage cuts on the basis of the existing wage agreements. · a Mr Yitzhak Modai, the Finance Minister, who previously had been very combative in his contacts with the unions. said after the meeting: "There is a chance of reaching au understanding Histadrut." with

The Government's decision to erode wages substantially and follow this by a three months wage freeze is being strongly resisted by the Histadrut. Its major complaint is that wage earners have to bear the brunt of the austerity programme. Civil servants and other sector workers, numbering 400,000, are due to hold a three-hour protest strike today gainst the Government teasures. The Civil Service Union warned that if the Government tried to implement the proposed wage cuts and massive dismissals it would take further industrial action. Disruptions are likely at a number of key industrial plants

and utilities. An additional meeting between the premier and the Histadrut leader was scheduled for late last night after an evening meeting between union representatives and the private sector employers.

Sri Lanka holds talks with rebels

TALKS between representatives of the Sri Lanks Government and five groups of Tamil mili tants seeking an independent homeland finally began at Thimpu, the remote capital of Bhutan, yesterday. The moderate Tamil United Liberation Front also attended the talks, writes K. K. Sharma in New Delhi. . That the talks are being held at all is a major step towards

ending the two-year-old civil war in the Indian Ocean island

republic.

to end Lebanon fighting BY OUR MIDDLE EAST STAFF SYRIA has launched a major diplomatic mitigative in an The participants at the conference were also scheduled to discuss the efforts by the U.S. to isolate Beirut alliport in retaliation for the hijacking of the TWA jet and the Bolding of 39 American hostages in return for the release of over 700 south Lebahese détainees in Israel effort to reduce sectarian fight-

Syria in diplomatic move

effort to reduce sectarian fighting in Lebanon and pave the way for constitutional shanges.

Throughout yesterady a series of religious and political leaders gathered in Danascus, the Syrian capital, for a conference whic hwas described as "absolutely top priority."

The talks were chaired by Abdel-Halim Khaddam, the Syrian vice-President, who has

particular responsibility for Lebanese affairs.

The main aim of the talks appeared to be to agree on a new security programme for West Beitht and to discuss the resolution of the bitter battles between the Shi'ite Moslem Amal militia and Palestinians.

Sudan, Libya sign pact

BY OUR MIDDLE EAST STAFF SUDAN AND Libya have further strengthened their relations with an agreement to cooperate on military training and

logistics. Maj.Gen. Osman Abduliah Mohammed, Sudanese Defence Minister, returned to Khartollin from Tripoli yesterday to an-nounce the signing of a new military protocol. He said if provided for Libyan assistance with logistics, transport, equip-ment, and naval and air defence,

But the Minister stressed that Libya had no intention of attempting to form a strategic alliance with Sudan or of inter-fering in Sudan's domestic and

at the talks was Sayyid Moham-med Hussein Fadiallah, the

As the several factions met in

Damascus, fighting broke out again in Tripoli, the norther Lebanese port, between rival

Mosless milities representing the pro-Syrian Arab Democratic Party and the Sunni Moslem Islam Unification Movement.

Hezbollah.

foreign policies. Meanwhile, Libya has an-nounced it intends to ban all Egyptians from working in its country in retaliation for a signific ban on Libyan workers. in Seppt. However, there was no indication of when the ban might take effect of how many workers it might affect.



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Reagan hits out at 'confederation of terrorist states'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan national framework for dealing yesterday singled out five with the problem.

He warned, however, that the decreation of terrorist states and warned that the U.S. had the with the problem.

He warned, however, that the manner of the problem are not—I repeat, not—going to tolerate the right to defend itself under international law.

He predicted that as many as 1,000 bombings and other terrorist acts could occur this year, against 600 last year and 500 in 1983, "unless civilised nations act together to end this assault on humanity."

In one of his strongest ever outbursts against terrorism, Mr Reagan named Iran, Libya, North Korea, Cuba and Nicaragua as members of the terrorist "confederation" and accused them of training, financing or indirectly controlling anti-American terrorists. He said that the "close relationship" between the Soviet Union and most of the terrorist states must be recognised.

Mr Reagan, who has all but ruled out military retaliation for last month's Beirut hostage crisis, proposed no specific measures to counter the growth of international terrorism. Addressing the American Bar American lawyers to find a and our allies, to frighten Third

repeat, not—going to tolerate intimidation, terror and outright acts of war against this nation and its people. And we are especially not going to tolerate these attacks from outlaw states run by the strangest collection of missits, looney tunes and squalid criminals since the advent of the Third Reich."

In a departure from past administration statements, Mr Reagan did not include Syria on his list of terrorist countries, although he added that those named were "not necessarily the only ones."

Mr Reagan said that the five named countries might be continents apart, but they were united by the same goals and objectives and "their fanatical hatred of the United States, our people, our way of life, our international stature."

Their strategic purpose was "to disorient the United States, to disrupt our foreign policy, to he called on sow discord between ourselves domestic and inter- World nations working with us

Tim Coone reports from Managua on attempts to stabilise the economy after fast growth

Nicaragua makes sharp change in economic course

THIS YEAR has seen a major overhaul of Nicaragua's economic policy. The ruling Sandinistas are making a bid to stimulate the private agricultural sector, rein in public sector spending and eliminate consumer subsidies, at the same time as holding down real wages and curbing consumption. In the past four months there In the past four months there

have been major increases in electricity, water, fuel and basic food prices, some exceeding 200 per cent. Government leaders recognise publicly that salary increases over the same period have lauged empsiderably period have lagged considerably and admit that they will contimue to do so. This is set against the back-

ground of the two-month-old U.S. trade embargo against A rapid expansion of money supply over the past four years.

together with an almost static GNP in real terms is producing an annual inflation rate of more than 100 per cent and severe distortions in the labour and capital markets.

Explaining the Government's monetary policy, Sr Jaime Valdivia, the financial vice-president of the Central Bank, said in an interview: "At first our expansionist policy brought high levels of sporth in 1980 high levels of growth, in 1980 and 1981, growth levels exceeded 10 per cent per year. However from 1982, external finance began to fall sharply and we were faced with the

with internal financing."

The latter was chosen, and coincided with an escalation of the U.S.-backed guerrilla war which has diverted an increasing amount of the Government budget into defence. Total defence spending today exceeds 50 per cent of the budget estimates, and over 40 per cent in official statistics.

in official statistics. Sr Valdivia said that the principal effects of the expan-sion were an accelerating inflation rate and heavy pressure upon the value of the currency. The newly legalised freemarket exchange rate simed mainly at the tourist trade, is presently around 650 cordobas to the U.S. dollar. Official rates vary be-tween 28 and 50 to the dollar,

depending on the category of import or export. The foreign exchange short-age has been the key bottle-neck in the economy. The rapid growth in public sector spend-ing and credit to the agri-cultural sector at heavily sub-sidised interest rates have stimulated demand, but restrictions on consumer goods imports, and a shortage of foreign exchange for imports of capital goods and raw materials to promote local

manufacture, bave inevitably to inflation. led "A serious adjustment was spread over several years. There therefore needed," said Sr is still a substantial financing Valdivia. The solution chosen was not a monetarist model, imports to keep the economy coy about discussing negotia-trade, but it is certainly a demand turning over according to both tions with the IMF, and sensi-necess

Despite raising recently \$402m of foreign finance, Nicaragua cannot fund all the imports it needs, government officials admit. Yet a remedy for this shortfall in foreign exchange is missing from the country's latest economic adjustment programme

management policy package Sr Valdivia and Dr Alejandro which will give prices a much more pivotal role to play in the Trade Minister.

The measures Valdivia.

Nicaragua is running an annual balance of payments deficit on current account of \$500m while exports earned only \$365m in 1984. The Nicaraguan president and vice-president recently managed to obtain financial and material aid worth \$402m on recent tours of U.S.\$58m IDB loan was blocked gap for the necessary level of

Credit from the World Bank are was frozen in 1982 on the basis expected to bring some stabilisation. "But the one factor still policy had not made clear "the lacking in the adjustment plan rules of the game" for the is the external finance," said Sr country's private sector. A rules of the game" for the country's private sector. A similar argument has been used by the U.S. to block loans to Nicaragua by the Inter-American Development Bank

The last IDB loan to Nicaragua was approved in 1982 to rebuild western and eastern Europe, but earlier this year by the U.S. the majority is credit rather when it threatened to cut than more liquid loans, and future funding to the bank if it many of the agreements are approved the loan, which would actually have benefited private farmers in Nicaragua.

tive to left-wing criticism which undermines the Sandinista's essentially working class essentially political base.

An IMF team has recently been in Nyaragua "to carry out a country study " according to Dr Martinez. It is the fourth IMF visit since the 1979 revolution. "We have always maintained good relations in the study of t maintained good relations with the IMF, but we are not in the process of negotiating a loan," said Dr Martinez.

Nicaragua has scrupulously repaid all outstanding debts to the IMF contracted by the former regime of the dictator Anastasio Somoza. It is an effort recognised by the IMF.
An internal Fund document to its executive board dated June 5 1984 states "The Nicaraguan authorities consider their rela-tionship with the Fund very important and this has been patently demonstrated by their determination to service the outstanding debt." Since that statement, Nicaragua has repaid all its outstanding \$10m debt

with the Fund. By being so punctilious, the Nicaraguans hope that they can nead off any pressure on the Fund from the U.S. to impose sanctions.

According to Dr Martinez: "As members of the Fund we are entitled to certain loans under the standby credits

imposition of an economic strait jacket that ordinary drawings from the Fund would imply."

Service payments on Nicaragua's foreign debt of around \$4.5bn will amount to \$1.4bn station will amount to \$1.40n this year alone, according to Sr Henry Ruiz, Minister of External Co-operation. However, said said that only \$260m can be paid and the rest will have to be rolled over.

Earlier this month a Central Bank team successfully renegotiated repayment of \$381m in interest and principal payments due over the coming year to a consortium of over 100 U.S. and European banks on debts which date from before the 1979 revolution. A total of only \$15m will be paid in the next 12 months and the remainder rolled over. The Government has released no further details of the remarking. further details of the renegotia-

An as-vet unpublished report of the UN economic commission on Latin America notes that Nicaragua has suffered losses on its balance of payments valued at \$50m over the past four years, simply through deteriora-tion in its terms of trade. The U.S. trade embargo against Nicaragua will exacerbate the problem, but Sr Valdivia pointed out that "everybody was expecting a radicalisation of the revolution as a result of armers in Nicaragua. scheme, because of the severe the embargo, but it has All government officials are deterioration in our terms of emphasised the need for the

Mexico's ruling party claims total victory

BY DAVID GARDNER IN HERMOSILLO, SONORA, MEXICO

elections for the governorship of Sonora, the north-western state bordering Arizona, in one of the most bitterly fought elections contests the country has

seen for decades. The PRI claimed late Sunday night to have won all the posts up for election in Sonora, and outright victory in the central northern state of Nuevo Leon. In both states, the ruling party faced an unprecedented challenge from the right-wing National Action Party (PAN), whose candidates have denounced the election as fraudu-

ballot rigging. PAN leaders were yesterday due to call for the annulment of the vote and new elections in the state.

In claiming victory on Sunday night, the PRI candidate, Sr Rodolfo Felix Valdes, praised the civic maturity of Sonorans, saying "The acceptance of the civic maturity of Sonorans, saying: "The result was one we expected. Our party has a lot of experience in these matters." The outcome confirms PRI claims that the PAN had gulled the forcign Press into believing it had popular support in it had popular support in Sonora, a Valdes side said.

A PRI electoral official, who wished not to be identified, said yesterday that he believed the Sonora poll had in fact gone four-to-one in favour of the

The PRI claimed "an over-whelming majority" in the Sonoran countryside and a three-to-one margin in the five main towns, three of which are held by the PAN. In Monterrey, the capital of Nuevo Leon, the party claimed a nineto-one victory in rural areas and 31 to-one in the capital. These are almost exactly the margins the PRI predicted two weeks before the poll.

The PAN candidate in Sonora, the populist Sr Adalberto Rosas, reacted bitterly on Sanday night to what he des-

cribed as a "complete demon-stration to the people that there is no democracy in Mexico.

Now we cn expect open dictatorship," he said, "and people will
take other paths of opposition;
what use are political parties?"

Polling itself has been
punctuated by fraud charges on

MEXICO'S ruling Inscritutional ballot boxes before voting and Revolutionary Party (PRI) has claimed a total victory in ballots. Several PAN members were arrested, sparking off a rlot with party sympathisers stoning the police station and burning five police cars. In Cuidad Obregon to the south, where Sr Rosas won the mayor's race in 1979, scuffles occurred and at least six people were injured, while in another PAN stronghold, Agua Prieta, where the PRI was found 56 years ago, the Right-wing municipal candi-date withdrew from the poll after the location of voting booths was switched by the local electoral commission, which is controlled by the PRI.

lent. In Obregon, Hermosillo and In Senora, the surreal atmos-phere persisted throughout the lists witnessed PRI members day with PRI officials insisting carrying off ballot boxes—at that the polls were being conducted in an open and orderly terrey. Indeed, in Monterrey, a edly denounced instances of in front of an Associated Press reporter by Opposition candi-dates before voting began. Several instances of people voting more than once were witnessed, though PRI officials here say these could have been PAN sympathisers. The PRI also accused the PAN of stealing two boxes in Obregon.

The only results so far issued by the Sonora electoral commission are for the rich country-side surrounding Obregon and show a massive majority for the PRI. Though the ruling party has the support of collective farmers in that area at two booths in its main town Pueblo Yaqui-Sr Rosa's home townthe PRI margin is an incredible 400-0 and 320-0. "I have over 150 direct relatives in that town," Sr Rosas commented sardonically.

Sunday's elections were the mid-term contest for Congress, for seven out of 31 state gov-ernorships, and over 800 town halls. The PAN challenge, the most serious electoral opposi-tion the PRI has faced since at least 1940, has built up since the 1982 financial crisis, feeding on popular and particularly middle-class anger at the role of the ruling party, which has held uninterrupted power for 56 years, in causing it.

Partly to head off this discontent, President Miguel de la Madrid promised clean elections on taking office in 1982. The PRI has a long history of electoral fraud, privately admit-ted by some of its leaders. Furthermore, it has never allowed itself to lose a state both sides and sporadic inci-dents. In San Luis Rio Collarado, governorship, though on at least a PAN-held town on the border, two occasions it is widely its candidates broke open ten believed to have lost the vote.

One-third of California's watermelon crop poisoned

BY NANCY DUNNE IN WASHINGTON

SHOPKEEPERS have been ordered to destroy some 10m californian watermelons—about one-third of the U.S. crop after state officials linked a pesticide produced by Union Carbide with a wave of illnesses on the West Coast.

The restricte Aldicart, was fatalities.

West Coast.

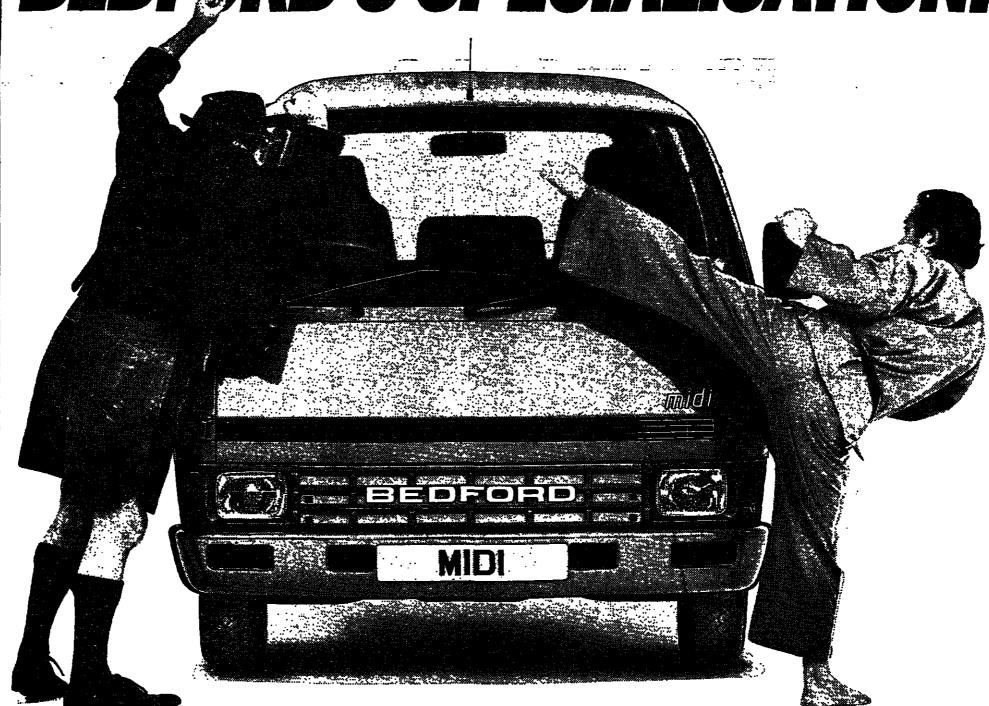
The pesticide, Aldicarb, was sold under the trade name of Temik by Union Carbide for use on cotton. The company accused farmers of "flagrant misspelication of this product," watermelon crop. They have ordered all products in shops to be destroyed, and urged degrade within 100 days of application.

degrade within 100 days of application.

Some of the tainted water melons have been traced to farms which used Aldicarb four or five years ago, when the producers were planting cotton. There was no prohibition on crop rotation or indication that it could cause illness when the product was sold.

Health officials say that more consumers to discard melons they may have bought. Yesterday inspectors moved into the fields to search for infected fruit and to place of the pesticide. Thus far, state agriculture officials have only found watermelons containing Aldicarb on four farms at the southern end of California's central valley,

HE NEW MIDI HAS SI APETITORS THE VAI BEDFORD'S SPECIALISATI



Often with the launch of a brand-new commercial vehicle buyers initially stay away in droves.

They're hesitant to take on the new against the well-tried.

Not so with Bedford's new Midi 1-tonner. Because not only is the Midi already out-selling the German and Japanese equivalents, but as a new entry is also challenging long-established British makes.

The Luton-built Midi has been as enthusiastically received by motoring journalists as by buyers.

One writer, who drove four Midi vans out of the 16 model range, accurately predicted in the April issue of 'Marketeer.' "A favourite is just what this new van, the Bedford Midi, will become ... It is, absolutely, a little cracker. It is a joy to drive..." The authoritative Transport News' concurred that the Midi was "...sturdy, stylish and well-designed..."

As registrations of Midis ably demonstrate, Bedford's position as Britain's biggest commercial vehicle specialists means vehicles better specified to the real needs of operators and buyers alike.

While on top of the Midi's launch success has come increased demand for the Bedford TL truck range.

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MALAYSIA'S industrialisation

efforts enter a new but uncer-tain phase today when the country's National Car, the

Proton Saga, rolls off the pro-

duction line for the first time. The M\$560m (£177m) project

is the brainchild of Dr Maha-thir Mohamed, the Prime Min-

ister, and the launch, conveni-ently coinciding with a south-

These two corporations each have 15 per cent of a joint venture known as Perusahaan Otomobil Nasional, from which

the car gets its name Proton. The company, the first major

Malaysian venture in which the Japanese have taken direct

BY PAUL CHEESERIGHT IN BRUSSELS

the first time has introduced an has demanded an increase in overtly political and antiJapanese element into its to pave the way for a successful handling of anti-dumping cases. new round of international trade This emerged in its handling of liberalisation, the imposition of definitive anti-

Duties have been imposed despite the readiness of the Commission to accept Japanese undertaking to raise pricesfor two reasons. First, ministers doubted whether the Commission would be able to monitor the trade effectively. Second, they wanted the matter seen

they wanted the matter seen "in light of the present commercial relations with Japan."

These relations have been deteriorating. The Community has for long been concerned about its widening trade deficit with dJapan. It has accused Japan of targeting its exports on a few specific sectors and on a few specific sectors and has drawn little comfort from Japanese measures further to open its own market.

U.S. presses

Gatt talks

home view on

Brazilian move to have nego-tions on services excluded

from the new Gatt round. On the first day of their

two-day meeting yesterday the consultative group heard replies from the EEC, Japan, Canada and the Nordic coun-

tries to the paper submitted to the Gatt council by 23

developing countries on

This paper laid down a number of actions which the

developing countries, led by Brazil and India, wanted

dumping duties on Japanese trade relations with a supplying hydraulic excavators. matic element into what has hitherto been a largely hitherto been technical process.

> on behalf of the Community, to on behalf of the Community, to anti-dumping cases has in the past been largely technical. After having received a complaint about allegedly dumped goods, it has opened investigations to establish whether dumping has taken

On establishment of the facts it has preferred to negotiate price changes rather than impose duties. The duties have

In this case the Commission
has effectively been overriden
by the Council of Ministers who

EEC and U.S. agree to truce in pasta trade war

bearings.

BY IVO DAWNAY IN BRUSSELS

The U.S. yesterday firmly restated its wish to have trade in services included in a new round of international trade negotiations, William Dullforce writes from Geneva.

The talks on corvices should AN ARMISTICE has been agreed in the so-called pasta war between the U.S. and the Dullforce writes from Geneva.

The talks on services should be prepared by the secretariat of the General Agreement on Tariffs and Trade (Gatt) and should be conducted wholly under the aegis of Gatt, Mr Mike Smith, the U.S. deputy trade representative, told Gatt's consultative group of 18 countries. The U.S. position was backed by the EEC. The U.S. has thus rejected a Brazilian move to have nego-EEC, the European Commission

the escalating trade row, which began when the Community refused to offer American citrus producers any compensation for the preferential treatment of Mediterranean growers.

M Willy De Clereq, the EEC Trade Commissioner, and Mr Clayton Yeutter, the U.S. Trade Representative, are expected to attempt to resolve the issue at the quadrilateral trade talks due to be held with Canada and Japan in Ontario at the end of

In the meantime, the U.S. has agreed to withhold its threat-ened tariffs of up to 40 per cent on EEC pasta imports and the Community will refrain from taking retaliatory action against American sales of nuts and

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maintained by the payee, with a New York City bank.

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d after August 15, 1985 the Debentures will no longer be outstanding and interest

GENERAL MOTORS OVERSEAS FINANCE N.V.

By: Morgan Guaranty Trust Company OF NEW YORK, Trusted

The discussions offer both sides an opportunity to halt a tit-for-tat trade skirmish that looked in danger of running out said yesterday.

The peace move follows discreet talks between Washington and Brussels aimed at defusing the original complainants on citrus -- might have forced further action, allowing the new tariffs to snowball.

The level of anti-dumping

duties range up to 31.9 per cent.

With one exception—a lowering of 1 percentage point in the case of Komatsu—they are pitched at the same level as

the provisional duties imposed last March:

Hitachi Construction Machinery 12.4 per cent

Mitsubishi Heavy Industries
 21.6 per cent

Over the last month, defini-tive anti-dumping duties have

also been imposed on Japanese electronic typewriters, ball bearings more than 30mm in diameter and tapered roller

All three sets of cases are

expected to wind up in the European Court of Justice.

2.9 per cent

Japan Steel Works

● Kobelco-Kobe Steel

Nevertheless, there remain considerable difficulties over resolving the original dispute. The EEC has long contended that its preferences to Mediterranean partners—Morocco, Tunisia and Israel, for example—are, in effect, an aid to development and should not prevent. lopment, and should not provoke retaliation.

The U.S. points out, however, that a panel under the General Agreement on Tariffs and Trade (Gatt) had ruled that some compensation to American citrus growers was due. Washington's fury is directed at the EEC's refusal to allow this finding to be endorsed at the Gatt Council.

General Motors Overseas Finance N.V. 83/4 % Guaranteed Debentures Due 1986 NOTICE IS HEREBY GIVEN to the holders of the outstanding 834% Guaranteed Debentures Due 1986 of General Motors Overseas Finance N.V. (the "Company") that, pursuant to the provisions of Article Three of the Indenture dated as of August 15, 1971 between the Company and Morgan Guaranty Trust Company of New York (the "Trustee") and the form of said Debentures, the Company intends to redeem on August 15, 1985 all of its outstanding Debentures at a redemption price equal to 100% of the principal amount thereof.

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begun issuing overseas bonds. Hu Yaobang, Communist Party chief, has said China will borrow \$50bn (£38.5bn) will borrow \$50bn (£38.5bn)
over the next 10 years to
finance energy and industrial
projects. China hopes to
limit its commercial borrowing by securing credits from
world financial organisations
and soft loans from foreign

Ford in talks on

Forf is having preliminary scussions with the Chinese Government about a possible joint venture to assemble the Transit van which is due to be launched in Western Europe next spring, writes Kenneth Gooding. The company stressed

yesterday, however, that talks were in their very early stages: "We are simply dis-cussing the deal in principle." If negotiations are successful, Ford would probably supply know-how and components in kit form for assembly in China but with the aim that ultimately the vans would be 100 per cent

UK group sell furnace to China

By David Dodwell, recently in Changqing

FIVE-MAN delegation from the Beibei glassware fac-tory in Chongqing in south-west China will arrive in the UK late this month to finalise a £811,000 cash deal for an electricity-gas mixed furnace from the Essex company King, Taudevin and Gregson

(RTG). The delegation is also discussing with the Yorkshire company, Johnson Radley, the possible purchase of moulds that will allow Beibei to automate glassware manu-facture which is currently all hand-blown. Beibei is a major exporter to the UK, selling its wine glasses and brandy goblets under the "Lous Flower" brand name. Beibei, which is perched high over the Jialing river west of Chongqing in Sichuan, China's most populous province, has been exporting since 1962.

exporting since 1962.

However, direct negotiations over the purchase of foreign equipment would have been impossible until two years ago when Chongqing was granted provincial status in economic matters. equity participation, is capi-talised at M\$180m and has received loans amounting to Y22bn arranged by Mitsubishirelated banks.

From the start the Proton While a number of foreign companies—notably from Japan and West Germany have pounced on the oppor-tunity to build bridges with a city that has been expanded by administrative flat to become China's largest city, with a population of 13.9m, British businesmen have been can suport an indigenous car industry without heavy protec-tion and costly subsidies. notable by their absence.
The contract won by KTG is seen locally as an exception that proves the rule.

UK executives in two-day **Peking seminar**

TWENTY SENIOR executives from the City of London, led by the Earl of Limerick, opened a two-day seminar in Peking yesterday to teach Chinese officials about the workings. workings of international finance, Reuter writes from

Peking. The seminar, attended by Bu Ming, Bank of China chairman, and Ling Zhi, its vice-president, will give the officials an insight into how to make use of the City, the world's biggest financial centre.

The conference is taking place as Peking expands its commercial borrowing from international banks and has

China joint venture

Malaysian car takes to the road

BY CHRIS SHERWELL AND WONG SULONG IN KUALA LUMPUR

Malaysia's Prime Minister, yesterday reiterated his concern at the lack of trade among the six countries of the Association of South East Asian Nations (Asean) and urged local entrepreneurs eyeing the China market not to forget their home territory of south east Asia, writes our Kuala Lumpur staff.

east Asian foreign ministers' meeting in Kuala Lumpur, will He was opening the annual meeting in Ruala Lumpur of take place at a site outside the take place at a site outside the capital which, until three years ago. was a rubber plantation.

The project is the most visible symbol of Dr Mahathir's "Look East" policy, under which Malaysia is supposed to learn from countries like Japan. Partnering the Government-owned Heavy Industries Corporation of Malaysia (Hicom) are Mitsubishi Motors and Mitsubishi Corporation, both of Japan. foreign ministers from Malaysia, Indonesla, Thailand, Singapore, the Philippines and Brunel. In his speech he also repeated his worrles that U.S. Japanese trade tensions

help the Saga.

In its first phase the plant will have an installed capacity of 80,000 cars per year, and this is planned to rise to 120,000 by

Dr Mahathir admitted earlier this year that the first 7,500 units being produced in 1985 project, the centrepiece of a units being produced in 1985 wider heavy industrialisation will cost M\$35,000 (£11,000) each. They are to retail at around the same elevated price

could hurt Asean. Trade among the Six nations amounts to just a fifth of total Asean trade, and less if entrepot trade through Singapore is excluded. In the case of manufactured goods the proportion is about a

"We now see our taketpreneurs and traders eyeing the 'vast' China market, but missing or dismissing the reality that is before their very eyes: the Asean market,"
Dr. Mahathir said. That market, he declared, was four times the size of the China market, and at Assan's door-

versions. Thought to be similar to Mitsubishi's Tredia, it will have to compete mainly with Nissan and Toyota vehicles which are locally assembled but which have faced hefty increases in taxes precisely to

1990. Some experts say, however, that output ought to be double to make the car internationally competitive.

programme, has been shrouded in controversy because of doubts whether a small country state Malaysia (population 15m) tors, M\$\frac{1}{2}\$ are to retail at around the same elevated price as the Saga's nearest competitive Malaysia (population 15m) tors, M\$\frac{1}{2}\$ corner to lose more for "We expect to lose money for

the first three to four years,' ion and costly subsidies.

The Saga, a four-door, frontProton project's executive direc-The Saga, a four-door, front-Proton project's executive directive market is depressed there wheel drive saloen, will be tor. "But technically it is a too. Cycle's network in produced in 1300 cc and 1500 cc good car, and selling it locally Malaysia will be a useful boost

will be no problem." Distributors of locally-assembled cars will have to help market the Proton Saga and civil servants who receive generous car loans will almost certainly be expected to buy it. Despite this favoured treatment, the car will still have to fight to make its mark locally. The Malaysian market has

shrunk over the past two years from 100,000 units in 1983 to an estimated 84,000 this year. Of threethis number. quarters are in the 1200-1600 cc The

longer-term The Saga's longer-term success, thus, depends crucially on securing export markets, and here too the picture is far from bright. The Malaysian Government's recently-increased stake in Cycle and Carriage, the Singapore car distributor, could have an important export role. play an important export role in the island state, although

for local marketing. The Government also wants to sell the Saga in Indonesia, south-east Asia's largest market. This could involve an exchange in which Indonesia sells commercial vehicles to Malaysia, but nothing is agreed yet. Further down the road, inquiries have come from Britain, Austria and even

China. Companies in several Western countries have also shown interest in supplying components for the Saga, but the Government is hoping local private sector suppliers will meet this need thereby meet this need, thereby producing the much sought-after "spin-off" effects which are the key to the industrialisa-

tion strategy.
It is estimated that the first cars off the production line will have just 36 per cent local content, double that of the locally assembled equivalents. This is likely to rise above 40 per cent next year, when total per cent next year, when total per cent is forecast at 40 200 output is forecast at 40,200 units.

A 100 per cent "Made in Malaysia" car will only A 100 per cent "Made in Malaysia" car will only approach reality when the engine, supplied by Mitsubishi, is designed and produced locally. That will not happen before 1950. Even now there is just a stamping plant, assembly line, paint shop and test track

With the Saga a reality, Hicom is nevertheless turning to other vehicle projects. A to other vehicle projects. A M\$13m sports car venture is planned, based on the Proton plant, and three motorcycle engine plants are being built nearby, in partnership with Honda, Yamaha and Suzuki. There is also talk of manufactures are the property of business of the property of the p

British woollen exports rise 40% in April

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

BRITAIN'S BOOMING woollen cent on the equivalent period industry continues to surge of 1984. ahead, with Italy, West Germany and Japan in particular buying increasingly larger amounts of woollen and worsted

Exports rose 40 per cent in April, compared with 12 months earlier, to £59m, taking the total very small increase during the for the first four months of the four months despite the strong year to £220m, a rise of 26 per dollar.

Italian purchases rose 57 per cent by volume, West German by 55 per cent and Japanese by 48 per cent, The U.S. remained the most

important overseas market for British goods, but it recorded a

By contrast sales to Japan, by Syria, an unlikely export the second largest market, shot market. Syria took 209,000 sq m up from 1.29m sq m to 1.91m in the four months compared sq m. The Japanese are a long with 28,000 sq m last year, and sq m. The Japanese are a long way ahead of Camada and West Germany, the third and fourth most important countries for British exports.

Among the top 10 markets, only Saudi Arabia took less from Britain in the four months compared with 28,000 sq m last year, and has risen to be Britain's eleventh most important market.

Mr Peter Richardson, director of the National Wool Textile Export Corporation in Bradford, said that exports this year than a year earlier

Among the top 10 markets, of the National Wool Textile only Saudi Arabia took less from Britain in the four months than a year earlier.

One notable jump was made record of £500in.

Slow exports growth fuels fears on Taiwan economy

BY BOB KING IN TAIPEI

TAIWAN'S exports, tradition-ally the engine of strong annual quarters. This was due to a economic growth, have regis-large build-up of stock, in the only scant increase during the first months of this year further fuelling analysis' views that the country's economy is in serious trouble. Exports rose by only \$210m

(£161m) in value, 1.7 per cent, during the January-April period the previous year. But if preliminary estimates for May, which show a drop in exports of nearly \$235m over May 1984, prove accurate— exports for the first five months will show a decline for the first

time in years. Taiwan's trade declined by more than \$57m or 0.2 per cent in the first five months com-pared with the corresponding period in 1984. Imports which declined by almost \$248m or nearly 3 per cent over the same period last year, contributed most to the total trade decline.

Despite the slowdown, Taiwan's world trade produced nearly \$3.8bn for the nation?

surge in exports during 1984 when overseas sales increased by more than 21 per cent to about \$30.5bn. Growth last year began to provide more funding.

the country's main market plus lessened competitiveness in secondary markets because of the strength of the new Taiwan dollar compared to other currencies. The weakened competitive-

ness, especially in traditional exports such as textiles, has been heightened by the emergence of other suppliers in the region such as Thailand, Indonesia and China. The poor export performance is likely to continue through

the rest of the year unless there is a sudden and unlikely turn-around in the American Domestic problems are also

working against an increase in exports. For instance despite foreign exchange reserves, which exceed \$18bn, businesses here are finding it difficult to find working capital.

Private investment Private

The slowdown ironically funding to companies because comes in the wake of a massive of relatively high interact rates offered has dried up in the wake of several business-related scandals, and banks for the same reason are reluctant to

BASE LENDING RATES A.B.N. Bank 121% Allied Dunbar & Co ... 121%

Allied Dunbar & Co ... 12170
Allied Irish Bank 12176
American Express Bk. 12176
Henry Ansbacher 12176
Amro Bank 12176
Associates Cap. Corp.... 13 76
Benco de Bilbao 12176

Banco de Bilbao 12170
Bank Hapoalim 121%
BCCI 121%
Bank of Ireland 121%
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Co-operative Bank 121% The Cyprus Popular Bk. 121% Duncan Lawrie 121% F. T. Trust 13%

Duncan Lawrie 121%
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Demand desboits 92%

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National Westminster 121% Northern Bank Ltd. ... 121% Norwich Gen. Trust... 12 % People's Trust 13 % PK Finans Intl. (UK) 13 % Provincial Trust Ltd.... 131% R. Raphael & Sons ... 121% Roxburghe Guarantee 13 % Royal Back of Scotland 121%

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VOEST-ALPINE AG: We strike a balance

Improved general situation

Dated: July 9, 1985

In 1984, following years of economic stag-nation, the OECD nations were able to enjoy a somewhat more marked, general economic recovery.

This sustained economic upswing was supported by the economic developments in the USA and Japan. However, in the Comecon countries a basically positive economic atmosphere also prevailed. As an integral part of this international scenario, the Austrian economy could point to successes, particularly with regard to the high growth in exports.

VOEST-ALPINE Group

Pleasing increases in sales

The total group sales of the VOEST-ALPINE Group, excluding the international trading activities of the intertrading Group rose to US\$ 4.465 million, 3.5 % above the level of the previous year. In the first place, this was due to the increase in

sales of steel products and in the second, to processing products. The Intertrading Group, which specializes in international trading, broadened its activities still further and increased its sales from US\$ 1,646 million in the preceding year, to US\$ 6,222 million in the year under

Productivity levels again raised

The increase in sales was achieved with 3 % fewer personnel. Due to the rigorous rationalization measures taken by the VOESTALPINE Group, staff levels fell to just over 70,000 employees.

VOEST-ALPINE AG

Total sales in 1984 almost at the 1983 record level

The total sales volume of the VOEST-ALPINE AG in 1984 amounted to US\$ 2,405 million, just below (- 1 %) the

record US\$ 2,434 million level of the previous year. It should be noted that widely differing developments were registered by the various divisions within the company.

While engineering/contracting with sales of US\$ 761 million and finished products with US\$ 230 million had to accept reverses when compared to 1983, the steel sector with a 12 % increase in earnings to a record level of US\$ 1,142 million and processing with a 58 % increase to US\$ 229 million, showed extremely positive developments. However, mention must be made of the fact that following the boom in engineering/contracting sales, reverses in this sector were

in total 74 % of turnover was exported. As in 1983, the Comecon countries were regionally dominant with a 41 % share, followed by the EEC, EFTA and the blockfree European countries with around 30 %. The share of the non-European countries in sales abroad amounted to

Personnel level drops by a further 1,085 employees

As compared with the previous year, personnel levels fell by 3 % to 38,094 employees. At the same time, the number of apprentices increased by 4 % to 1,963.

Improved profits situation in various sectors

The impulses from the general economic upswing in 1984 resulted in a fundamental improvement in the profitability of various business sectors.

The largest improvement in results can be seen in the metallurgical products area. The excellent sales of flat products from the Linz steelworks, more than compensating for the improved, but still negative, result from the Donawitz plant. Above all, oil field pipe business produced a remarkable Improvement in the profitability of processing products.

The negative results from finished products, which are engaged in a basic restructuring, can be traced to higher investment in research and develop large amounts of changeover and initial expenditure, the slack demand for capital goods and intense competition.

The engineering/contracting results continue to be very satisfactory. The successful completion of several major contracts and the resulting realization of their profit potential provided above-average profit-ability in this sector.

The ordinary result showed a remarkable reduction in losses to US\$ 36.3 million, as opposed to the preceding year (US\$ 103.0 million).

Primarily due to the creation of special provisions for risks in the holding sector, the extraordinary items showed a loss of US\$ 87.8 million.

The Österreichische Industrieverwaltungs-AG again provided effective help for struc-

tural improvements (US\$ 100 million). After dissolution of the statutory reserve (US\$ 23.8 million), there remained a balance sheet loss of US\$ 0.3 million in

VOESTALPINE AG P.O.B. 2, A-4010 Linz/Austria tel. 0 732 / 585, telex 2207 va a

VOEST-ALPINE

UK NEWS

supports political fund levy

ONE OF the UK's largest unions, the General Municipal and Boiler-makers (GMBU), has produced the most decisive result yet in the cur-rent spate of ballots on union political funds - a vote of 9 to 1 in favour.

The union, with 850,000 members, is the third largest affiliate to the Trades Union Congress (TUC) and easily the biggest of the six unions which have so far polled on the fund - all returning decisive majori-ties. It is also the first general, rather than single, industry union. The turnout, at 61 per cent, washigh for this kind of ballot.

Mr David Basnett, the GBMU general secretary, yesterday ex-pressed "gratitude" to the Government for bringing in the measure in the 1984 Trade Union Act which enjoins ballots on the funds - because of its effect of politicising union

The union's annual political fund totals some £1.6m; almost all of which goes to the Labour Party. Some 13 per cent of the GMBU's membership presently "contract out" of paying the political levy.

Of the other unions which have so far voted the Union of Communication Workers, the National Communications Uion and the Furniture Timber and Allied Trades Union have all recorded 3 to 1 majorities in favour. The print union Sogat '82 has hown a 3.5 to 1 vote in favour and the Iron and Steel Trades Confederation a 6 to 1

vote in favour. ● The "inner cabint" of the TUC—its finance and general purposes committee—will met next week to begin the distributory process which could end in be suspension, or even the expulson, of at least

The Amalgamated Union of Engineering Workers (AUEW) has reported to the committee that it has accepted government aid for the ballots it has hel since 1961 - aid to which it is entired under the 1960 Employment Ac but which unions are banned by the TUC from accepting under the terms of the Wembley colerence decisions

Union poll Newspapers 'backward in use of technology'

THE BRITISH newspaper and periodical industry is backward in its economics and technology compared with some other leading countries, according to a study on the future of the industry in the UK.

The prophlished report compares and unions.

utilisation of electronic-based tech- set up such an institution."

ment or unions for the present state of affairs – but it is openly critical of the lack of foresight and good comeditorial and advertising material is

sponsorship from several newspa-per publishers and the National Profitability of U.S. papers is gen-Graphical Association, the craft erally high – with a minimum ex-

It says the principle of flexibility the efficiency of the British newspaper industry.

It states that, in return for a guar-antee of no enforced redundancies, number of women has increased by unions should accept "total flexibili-more than 1% times. ty in job allocation within a plant."

West Germany: Regional papers consumption
It says former typesetters are well almost all use single-keyboarding, transmission
capable of being retrained for sub-

The unpublished report compares the British industry with those in the U.S., Japan, the Netherlands book, it should not be impossible to call on the UK Government, through the MSC (Manpower Serting IIK newspaper and periodiand West Germany. It says:

The UK newspaper and periodithrough the MSC (Manpower Sercal industry falls behind the industries in the four other countries in the four other countries in the says and the says are says are says are says and the says are says are says are says are says are says and the says are says ar

nologies... and even these overseas industries are expressing concern at the growing threat from the new electronic media."

The studies of the four other countries – although positive when constrasted with Britain – do not paint the optimistic picture on new

the "lack of foresight and good com-editorial and advertising material is mercial practice" adopted by print almost universal and electronic management over recent years.

The full report, which runs to hundreds of pages, has been jointly produced by the Economist Intelligence Unit and the Printing Industries, Research Association with gence Unit and the Printing Indus-tries Research Association, with matched by a decline in the number

pectation of 8 per cent on sales. The It says the principle of flexibility rate of growth in employment between jobs is even more imporsioned during the 1970s but the tant than the introduction of single-keyboard typesetting in improving creased from 184 in 1980 to 250 in

but profits falling.

□ Netherlands: Almost all paper are produced by single-keying, but over the past four years the earlier decline in titles has stabilised.

Numbers employed in Japan and the Netherlands fell by 1.5 and 1.9 per cent per annum respectively in the latest years for which figures are available.

new electronic media."

The report says it is not part of its brief to apportion blame to managebrief to apportion blame to management or unions for the present state ment or unions for the present state of the constraint of the present state of the consent or unions for the present of the consent or lies has been falling by 2 per cent per annum with a bigger drop for paid-for weeklies. Circulation and profitability of paid-for papers has been hit by the growth of free newspapers. But between 1973 and 1983 the number of national and regional daily titles only fell from 133 to

> The "remedial strategy" recom-mended for the UK includes: a full management feasibility study and planned changes with the work-force; a low-key local rather than national approach.

> For the longer run, the report has found surprisingly optimistic views about the UK industry. The next steps it sees are: more colour printing; printing closer to the points of consumption through facsimile transmission; and improved use of

FT and Condé Nast plan magazine

THE FINANCIAL Times and Condé Nast - the international magazine publishers – are investing over £1.5m jointly in the launch next February of a monthly magazine

The glossy publication, which will sell at £2, is aiming for an initial circulation of between 50,000 and

deputy editor of Euromoney and the magazine The World of Interi previously with Reuters.

The printers will be British and

three organisations are competing for the work. One should be selected within the next three weeks and Forbes magazine as well as of the a pilot edition may be produced in The Financial Times will own 40

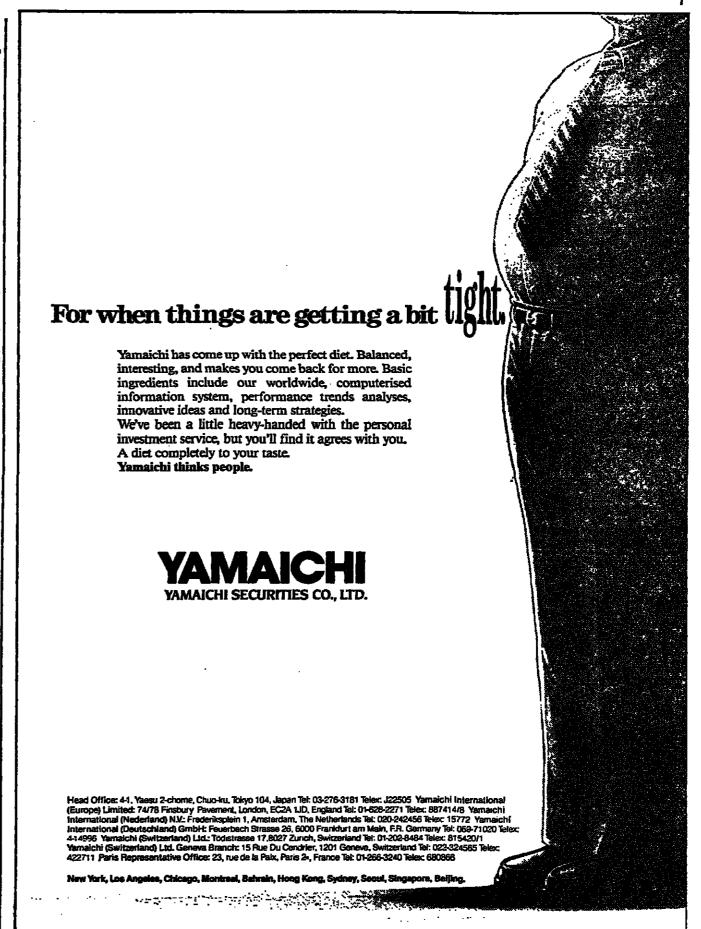
- is Mr Nigel Adam, 30, at present of the new journal and originator of the case for a monthly."

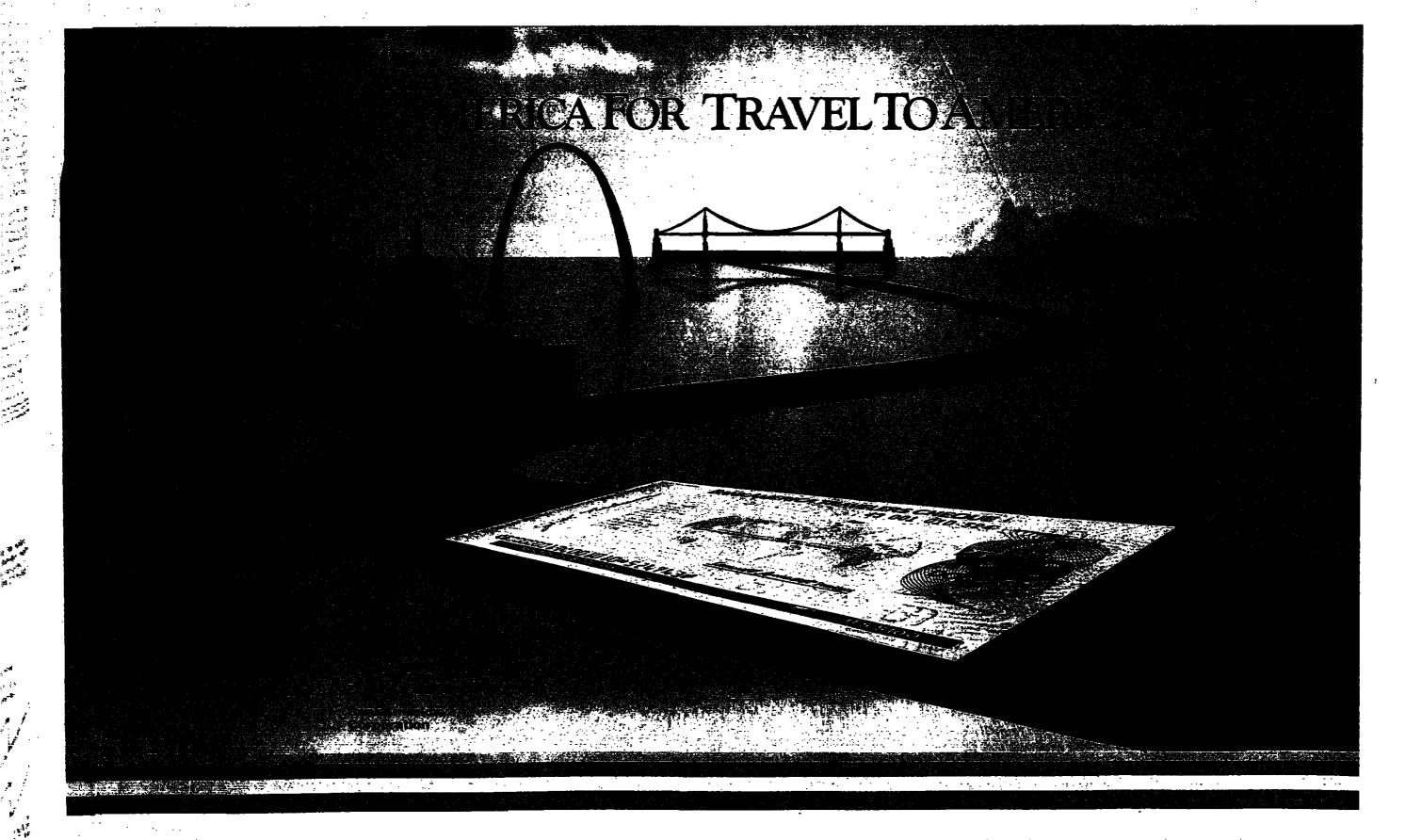
ors holds a one third share.

Mr Kelly said yesterday: "Business will aim to incorporate some of the best elements of Fortune and new U.S. business publication Manhattan Inc.

He said that the magazine would per cent of the publication and Con-de Nast 60 per cent. Within the Con-most sophisticated techniques, "and adopted in Aril 1982.

60,000. The editor of the 18-22 editoThe AUEV is the TUC's second rial staff - who will be involved de Nast 60 per cent. Within the Conmost sophisticated techniques, "and de Nast ownership, Mr Kevin Kelly so give us lead times which will be involved a prime mover in the organisation much closer to a weekly than is now





THE LEGAL **PROFESSION**

ALTONOMIC SELECTION OF THE PROPERTY OF THE PRO

The above survey due to be published by the Financial Times on June 13 will now be appearing in the edition of July 15. This will coincide with the visit to London of The American Bar Association. It will cover a range of issues currently affecting the profession including:--

OVERSEAS BUSINESS COMMERCIAL COURT **ADVERTISING** LAWYERS IN INDUSTRY COMPUTERISATION LEGAL EDUCATION LEGAL PUBLISHERS AND PUBLICATIONS

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Counter to unitary taxation supported

By Peter Riddell

THE GOVERNMENT will tonight accept an amendment to its Finance Bill to permit the withdrawal of tax privileges from U.S. and other companies as a retaliatory tactic, if British businesses continue to be penalised by the unitary tax system still used by California and five oth-

The toughening of Britain's line will be indicated by Treasury minis-ters during the report stage of the Finance Bill. The amendment would give the UK Government the power to withdraw relief on advance corporation tax for U.S. companies receiving dividends from British subsidiaries.

This would be imposed only on those companies which have a home base and are liable for tax in unitary tax states. The acceptance of the amendnent - sponsored by Mr Michael

Grylls, a backbench Conservative MP – is a stronger response by the Government than the alternative of talking sympathetically about it during the debate but asking for its withdrawal.

The proposal to be fully implemented, would require a statutory instrument to be put before parlia-Source: Society of Motor Manufacturers and Traders ment by the Treasury.

Daimler-Benz secures record share of heavy truck market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DAIMLER-BENZ, the Mercedes group of West Germany, raised its truck - the LN range - at the end of share of the UK heavy truck mar-last year had been much more sucket to a record 11.46 per cent in the first half of this year. This com-pares with a share of 8.92 per cent in the same period of 1984.

The company is now close to overtaking Bedford, the General

Daimler-Benz said yesterday that it had reached its record without offering substantial extra financial incentives to customers or dealers. from 20.65 per cent in the first half

The launch of the new 7.5 tonne cessful than expected, the company said. Its target for LN sales this cent to 14.92 per cent. The other UK-based producer year has been raised from 1,300 to

The LN 7.5 tonner competes directly with Leyland's new Roadrun-Motors British subsidiary, in the ner in the biggest part of the heavy sector of the market over 3.5 truck market. Ford's British-built Cargo range seems to be taking much of the impact of the Daimler-Benz advance. Ford's share of the

over 3.5-tonne sector fell sharply

UK Car Registrations

of last year, to 16.62 per cent. Bed ford's share was down from 13.41 per cent to 11.79 per cent, while Leyland's share rose from 14.18 per

Renault Truck Industries, the for-mer Dodge concern, lifted penetration from 8.65 per cent to 9.38 per Car figures for the first half of this year show that Austin Rover, BL's car subsidiary, was the only one of the three UK-based produc-

ers to raise sales. Volvo record, Page 18

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_	Janua	ry-June	·
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19	41.26	418,437	44.12
7	58.72	527,431	55.66

1985 1985 39,420 31,683 27,800 4.93 3.97

Loss of coke sales may be permanent

BY MAURICE SAMUELSON

THE NATIONAL Coal Board (NCB) may have permanently lost a large part of its UK sales of foundry coke as a result of the foundry owners' switch to imports during the miners' strike, which ended in March. National Smokeless Fuels (NSF).

the board's coke-making offshoot, has so far recovered only about 50 per cent of the 300,000 tonnes-a-year market and there are signs that many coke users are now insisting on more than one source for their fuel requirements.

Among those still mainly using imported coke is Birmid-Qualcast, the largest UK foundry company whose group chairman, Mr Tommy Macpherson, is also a part-time director of the NCB.

Birmid said yesterday that al-though it had started using some NSF coke, it could obtain coke from Continental suppliers at about the same price as from the British manufacturers – and in some cases
more cheaply. Imports were favoured by the recent changes in ex-

change rates as well as falls in freight charges.

Industry sources also say that when the strike ended the foreign suppliers dropped their prices to compete with those of NSF. During the strike, imported coke cost about £155 a forme, but prices have now fallen in line with the NSF's price of £122.80 a tonne. This is 12.5 per cent

more than before the strike. At a meeting with the British Foundry Association, the NSF is said to have justified its price rise by warning customers that the present surplus in Europe would not last more than another two years. The NSF also needed to make a return on its investment in two new batches of coke ovens at its works at Cwm in South Wales.

This new capacity, NSF told the association would be able to supply the entire UK market, with a surplus for export to the European con-

Lloyd's clears Posgate of fraud conspiracy

BY JOHN MOORE, CITY CORRESPONDENT

MR IAN POSGATE, the former take any such action as a fesult of leading insurance underwriter of conduct of mile. Alexander Howden Group, has the added: I should, finally, embeen exonerated by the authorities phasise that have not been found of the Lloyd's insurance market in to have diversed any monies at all London of charges involving conspiracy to defraud, falsification of accounts and breach of duty in his ing member) of any other person or

business arrangements.

But the ruling council of Lloyd's result of the offences which I have been found to lave committed."

The post of the person or company has been found to lave committed."

The post of the person or company has been found to lave committed."

But the ruling council of Lloyd's has confirmed that he was guilty on two other charges and that he will be suspended from working at Lloyd's for six months from July 8 this year. The full findings will be published today by Lloyd's.

Mr Posgate has been suspended for 2% years while disciplinary proceedings have been in progress against him. Lloyd's initially decided to expel him from the market but Mr Posgate challenged the decision in appeal proceedings. The expulsion order was set aside and a period of suspension recommended after the appeal.

Mr Posgate was allowed to address the ruling council yesterday. He told the council members: It has been a difficult time for me. I appreciate, however, that Lloyd's in the Lloyd's initially he he hoped to be acting folietings of the told the council members: It has been a difficult time for me. I appreciate, however, that Lloyd's it.

appreciate, however, that Lloyd's it. Alexander Howden - A Kenneth self has been put to trouble and expense in bringing charges against me and this is something which I much regret.

"I wish to give you a firm assur-

"I wish to give you a firm assurance that there will be no question funds of Howden inter

UK accepts car

BRITAIN now supports the Community agreement to cut car ex-haust emissions, Mr Nigel Lawson, Chancellor of the Exchequer, said at a meeting of finance ministers in Brussels yesterday.

emissions ruling

BL, the state-owned car maker, believes the change will cost Brit ain more than Elbn.

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Financial Times conferences have a light reputation throughout the business word as an opportunity to exchange ideas and kepup with the latest developments in all ares of activity.



ICI have announced the UK's largest industrial conversion to coal at its Wilton plant - a £43 million investment. At the heart of this complex are water tube boilers which will be fired by pulverised coal. The plant will burn about 500,000 tonnes of coal a year. This will be delivered by the merry-go-round system of continuously moving trains, loading and unloading on the move, each transporting 1000 tonnes.

Herman Scopes, Director, ICI Petrochemical and Plastics Division, says: 'We at ICI believe conversion . to coal is important if we are to improve our competitive position in both national and international markets.

What makes sense for companies like ICI, Express Dairy, John Smith's and British Aerospace also makes sense for any other company that wants to improve its competitive edge.

The cheapest source of energy.

British coal costs less than other fuels. And the NCB intend to make sure coal prices remain competitive.

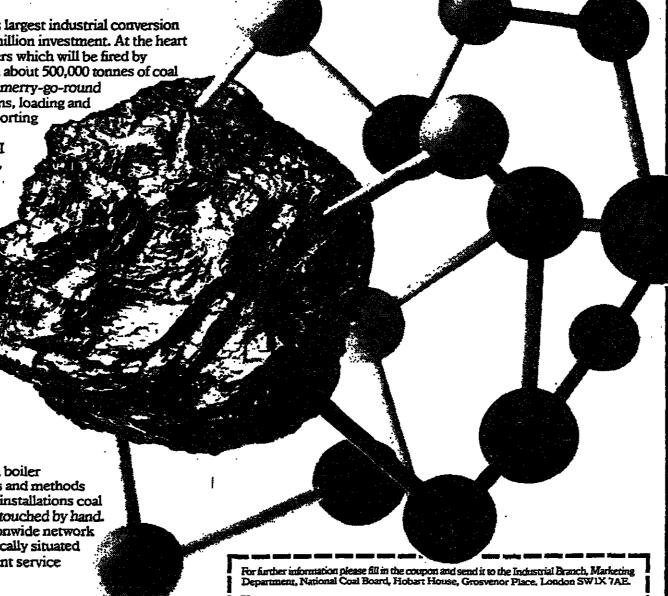
World-beating technology.

British coal leads the world in boiler technology, combustion techniques and methods of coal and ash handling. In today's installations coal and ash are seldom seen and rarely touched by hand. To maintain supplies there is a nationwide network of coal distributors who are strategically situated to give advice and provide an efficient service to industry.

Real help with conversion costs.

There's a Government Grant Scheme to help companies who want to convert to coal. This, with the backing of European loans, creates a really attractive financial package.

A final word from Malcolm Edwards, Commercial Director of the NCB: We believe British coal can save energy costs for your company. Let us talk - we can do good business together'.



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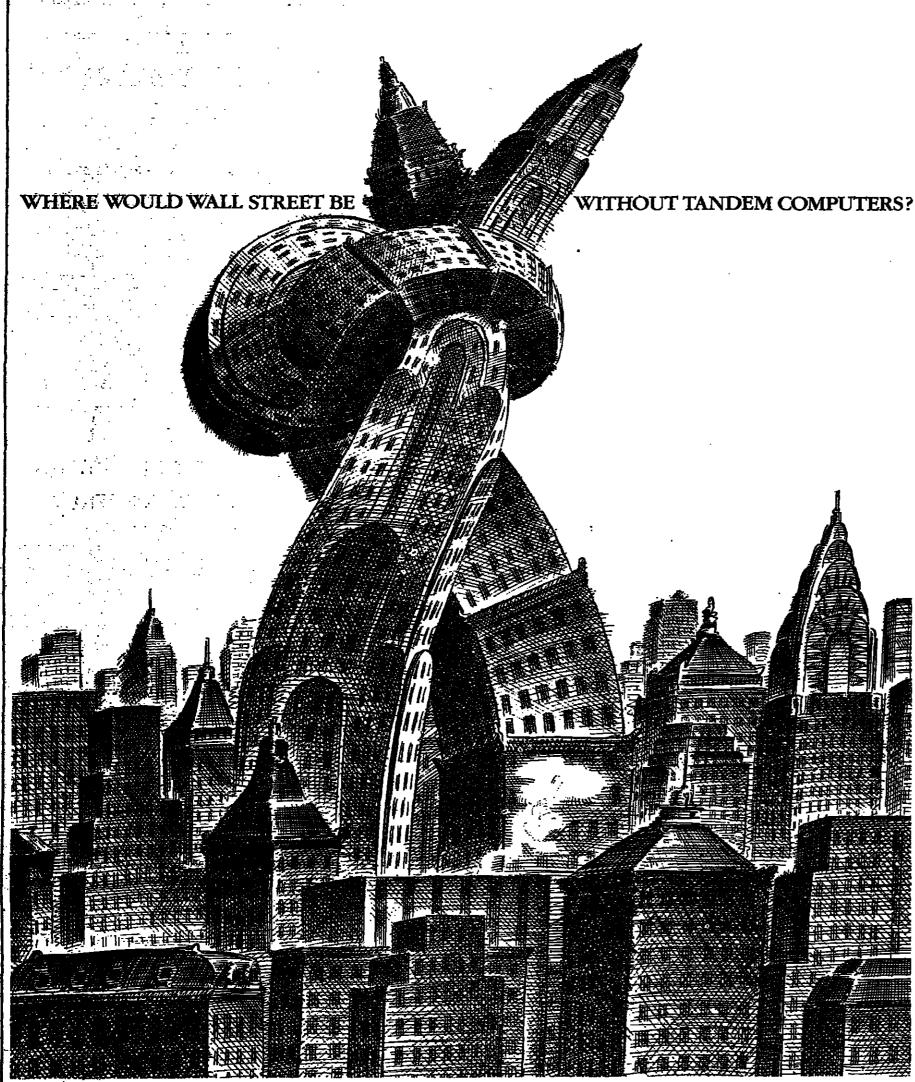
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Well, it would still be in New York.

But, we venture to suggest it might not be quite the

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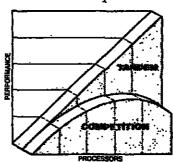
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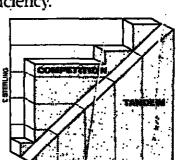
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UK NEWS

Ravenscraig campaigners are more confident than ever of saving the steelworks

The mill that refuses to say die

By Mark Meredith and Ian Rodger

the works: "Ravenscraig omnia vincit". In the past three years, the deWales and Ravenscraig, would have

Talbot and Llanwern in South
and canning industries - would not recover enough to justify keeping

The save-R fenders of the beleaguered Scottish to go, and there was not much steelworks at Motherwell have doubt which of the three was the overcome the British Steel Corporation (BSC), the Thatcher Government and the mineworkers and now they seem poised to rout the Government again and the European Commission,

In the past couple of months, the high-powered and broadly based save-Ravenscraig campaign has reemerged more confident than ever.
They know what the real issue is,

Llanwern, previously an industribetter to keep all three mills open for a few years and see if a recovery occurred.

and they are exploiting it.

"In the end, it will be a political decision," says Mr Jimmy Milne, general secretary of the Scottish Trades Union Congress. There are not many Tory seats left in Scot-land but there would be even fewer if the Government agreed to close Ravenscraig."
Milne and the Scottish politicians

and industrialists who participate in the campaign also know that the European Commission, which has been pushing the UK to close one of its major steelworks, is poorly placed to apply pressure. The UK is

rect access to imported raw materi-

line survival plan in 1980. Its workers realised they were in a fight for their lives, and they co-operated ful-

improve its performance, although it has now caught up with Llanwern in terms of efficiency. But the works still has significant cost disadvantages, mainly because its port, steelworks and finishing mills.

On the other hand, there has been a miners' strike, during which the components of the other hand.

At that point, BSC knew that one of markets for strip steel - mainly in

the third one open.

In late 1982, it recommended to the Government that Ravenscraig Port Tallot was the most secure, be closed. The save-Ravenscraig because its coastal site gave it direct access to imported raw materier, the Secretary of State for Scotals, and BSC has since confirmed the works' future by embarking on a £170m modernisation of its hotrolling mill.

Llamwern, previously an industrial relations nightingare has become

Mr Patrick Jenkin, then Industry their lives, and they co-operated rule in drastic manning cuts and efforts to improve the quality and consistency of output. Its steel is now sought after by customers.

Ravenscraig, on the other hand, Ravenscraig, On the was slow to recognise the need to out to be accurate. There has been improve its performance, although very little recovery in demand, and

are in different locations. The fact the 4,000 Ravenscraig workers were

THEY SHOULD put a sign outside its three wide strip mills, at Port the automotive, domestic appliance agree to kill their jobs after the

The save-Havenscraig campaig has implicitly acknowledged that cannot argue any more for a ma-ket recovery. Its case now, and from the workers' loyalty, is the the UK should be rewarded by t European Commission for havis cut more capacity than any oth EEC country. The reward should permission to produce more ste for export into other EEC countries

There is a way out for all cor-cerned, and it looks as if the Go ernment and the European Con mission are preparing to take The UK has a fourth strip m works, the small, privately owns Alphasteel at Newport in Sout

out to be accurate. There has been very little recovery in demand, and the corporation is still arguing that it would be better off with only two strip mills.

On the other hand, there has been a miners' strike, during which the 4,000 Ravenscraig workers were among the most active in beating hack the attempts by miners' nick-

well ahead of most other EEC countries in fulfilling the Commission's demands and, more important, BSC is now operating profitably.

BSC has wanted to close Ravenscraig since mid-1982 when it became clear that the recovery in demand for sheet steet that it was hoping for was not going to happen.

At that point, BSC knew that one of the view its that the recovery in the same major Scottish steel coatmands and, more important, BSC is meaning industries, such as the back the attempts by miners' pickets the attempts by miners' pickets to shut down the steel industry. Government and the European closed a strip mill, while Ravenscraig.

Such a deal would also enable the est to shut down the steel industry. Government and the European closed a strip mill, while Ravenscraig.

Such a deal would also enable the est to shut down the steel industry. Government and the European closed a strip mill, while Ravenscraig in the following the most active in back the attempts by miners' pickets to shut down the steel industry. Government and the European closed a strip mill, while Ravenscraig.

Such a deal would also enable the est to shut down the steel industry. Government and the European closed that they had picket lines themselves, but co-operated fully with BSC management in efforts to maintain supplies of raw materials to the works when the first to maintain that the chord of the strengts by miners' pickets to shut down the steel industry. Government and the European closed a strip mill, while Ravenscraig.

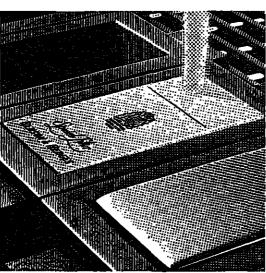
Such a deal would also enable the est to shut down the steel industry. Government and the European closed is shout £90m a year by closing one of its strip mills, and transferring the est to shut down the steel industry. Government and the European closed a strip mill, while Ravenscraig.



Ravenscraig, near Glasgow, which experienced some of the worst picketing disorders (left) during the coal strike when miners unsuccessfully tried to close the steelworks.

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Let's talk about...

Everybody's talking the telecoms of the future. Ericsson installed it in 1984.

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The usual name for such a network is the Integrated Services Digital Network (ISDN), and for several years telecommunications people have invited you to admire the beauty of

Which is about all there has been to admire! Because although there's a range of services single-network basis, and taking advantage of all of them is difficult and expensive.

The technologies exist, but they don't co-exist. So what's happening on the ISDN, and who's taking the action?

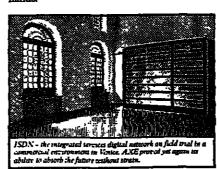
Well the good news is that there is action, on a world scale. The telecommunications industry is determined to avoid the tangle of incompatibility which the computer industry has gone through - and is still going through. This means establishing agreed practices and protocols for all the telecommunications systems of the future. The governing body of international telecommunications (CCTTT) has made steady progress. Basic standards should

be agreed and published during 1985.

available individually, they're not available on a The even better news is that one manufacturer, at least, has been planning step by step alongside the CCTIT For several years, Ericsson has been installing exchanges which will act as nodes in the ISDN whatever the CCITT recommends. In 1984, Ericsson even demonstrated ISDN working in a normal commercial environment in Italy.

> Ericsson: leader on all fronts The problems of ISDN can be divided into three areas: transmission, switching, and

On all three fronts, leadership is in Ericsson's



Transmission in the ISDN will certainly be by optical fibre cables, with their astonishing capacity.

> Ericsson has been working with optical fibre since 1974, and has thousands of kilometres installed in conventional digital networks.

Handling staggering transmission volumes, the switches (the exchanges) in the network will be very heavily loaded, and will themselves need to be very high-capacity.

> The Ericsson switching system, called AXE, can handle higher loads than any other switch available. The largest international digital satitches in the world have been supplied by

But in the ISDN, switching is a matter of variety as well as size. AXE switches are designed to handle every possible type of service without re-design. An example is cellular, or mobile, telephony. Ericsson is a world leader in mobile telephony – the world's biggest mobile network, which extends from the Arctic Circle to Denmark, is equipped throughout with ANE

All the hundreds of digital AXE switches already installed in the world are designed as nodes in ISDN

The telecommunications network has been called the biggest machine in the world: suddenly, it's going to be a whole lot bigger. The problems of sheer operation and management. are potentially far greater than those of transmission and switching.

> No other company in the world has Ericsson's breadth of experience in management systems. AXE exchanges are on order or in operation in 60 countries, in environments varying from tary rural communities to huge capital cities. Erictson's library of tested software solutions to network-management problems is unparalleled – and still growing

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fraught with pretentions and slackened aspiration.

MusICA/ICA

Andrew Clements

of works for varying instru-mentation under the general title of Vom Nutzen des Lassens

(The Uses of Denial), essen-

tially an extended meditation on the writings of the 13th-century German mystic Meister

The next MusiCA concert will include two further components,

Eckhart.

more widely, and he has coda, but its companions re-acquired a British publisher, turned to the fragmented,

The three works given their costively lyrical understatement British premieres on this that is more familiar, though occasion form part of a cycle without ever producing the

but the three pieces here—In ensemble, the first piece of this der Welt sein (for tenor saxophone), Lösung (viola, cello German-based composer I had

der Welt sein (for tenor saxuphone), Ldsung (viola, cello German-based composer 1 man
and double bass) and Abgeheard. It too left only a muddied impression, working a

scin was unexpectedly forceful, textures that get ever more sharper edged than much congested, save for brief Zimmermann I had previously remembrances of two of the heard, with a gentle calming composer's earlier pieces

Rena Vets and Richard Hawley in "Lulu Unchained"

Lulu Unchained/ ICA Theatre

Michael Coveney

A good idea and a great nation through sex and her dis-portunity have gone begging, integration in hellish nemesis. opportunity have gone begging. Wedekind and Berg were to be subjected to the irreverent For no apparent reason, Lulu (Rena Vets. a Jan Fabre veteran in a grey slip, vibrantly sylph-like, sexually expressive, creative treatment of Impact Theatre's director Pete Brooks and American post-punk feminist pornographer Kathy Acker. In her Blood and Guts a crop-haired androgyne with a hint of hardened Louise Brooks) recites in profile a curious story about finding a large corpse in an archbishop's bedroom and always having wanted to become a pirate. in High School, published here last year. Acker offers per-fervid re-writes of Shake-spearian scenes, of Hawthorne's Hester Prynne; she even des-cribes an East Village abduc-tion of the first-person heroine This had me well and truly stumped. Out of my crease and on my way back to the pavilion (or rather walking disconso-lately up the Mall) I reflected into white slavery and whore-dom; she deals with incest and

dom; she deals with incest and aggressive feminine sexuality.

Of course Lulu, who wedekind described as "woman in elemental, primeval form" was always unchained to the extent that she defied conventional morality and was sexual joy incarnate. The ambiguity of liberation through who redom of liberation through whoredom is prime Acker territory and a constant theme in the European work of Pina Bausch and Jan

Fabre, in whose slipstream a stances the lesbian Countess and group like Impact is thrushing the slave-trafficking Marquis. The author turns on a tape of smatches of Berg's opera but performed the representing the even those lush promises are author ("How does a working lost in tedious back-tracking class boy become a hero?"), and clumsy splicing. The band Laiu, Dr Schön and the decrepit asthmatic Schigolch — who about Berg (even if we are not) are put through some embar-rassing topid and derivative Jones's lesser, though admit-free-form choreographic paces, with lots of unaccumulative re-tree-form through some embar-tree-form choreographic paces, with lots of unaccumulative repetition of gesture to show Lulu's subjugation, her domi-

In previous seasons Adrian Jack's MusiCA series has made

a feature of single-composer

programmes, presenting musical portraits of figures whose work for one reason or another has

been heard infrequently in London. For the 1985 Musica, however, the focus has altered,

and instead two composers are to be featured throughout the

summer. One of them is Vic Hoyland, two of whose pieces

il receive first performances

in August and September: the

other is Walter Zimmermann,

whose music began Sunday night's opening concert.

Zimmermann has been included in MusiCA several

times before; a concert in 1981 featured the British premiere of his substantial solo-plano Beginner's Mind. Since then his music has begun to be heard

striking combination of built and painted-perspective scenery. The church swarmed with supers. The Pope himself, bevies of bishops, a platoon of Swiss guards and a vast congregation filled the stage for the Te Deum. Act II was much like Zeffirelli's Covent Garden version, with its blazing fire in the Roman summer, but Scarpia's apartment now was embellished with towering bookstacks. In Act III, there were scene changes. We began as usual, atop the Castel Saint'Angelo: but for "E lucevan le stelle" and the Tosca-Cavaradossi duet

The Met's new and spectacular production of Tosca, produced and designed by Franco Zeffirelli, was a big, expensive affair. The Act I set was a striking combination of built

and the Tosca-Cavaradossi duet this was jacked up into the files, revealing the castle dungeon beneath. The audience broke into applause, seeing scenery shift before its eyes. It was a large, picturesque scene, heavy with ruined classical architecture (the castle was originally Hadrian's mausoleum), but the sceneshift broke was originally Hadrian's mauso-leum), but the scene-shift broke the line of the act. For the execution, we returned to the platform above.

Only very strong performers would be able to hold their own

against so much competition from the scenery. Hildegard

Opera/New York

Behrens, singing her first Tosca here, seemed vocally unsuited to the role; a small-house Tosca, intense and intelligent, but not able to fill either the large phrases of the role for the large phrases of the role for the large spaces of the Met. Placido Domingo, the Cavaradossi, was his usual reliable self; it's years since I've heard him do anything really striking, individual, or inspired. Cornell MacNeill was a blunt Scarpia, and taxed beyond his present resources by the monologues. Giusenne Sinothe monologues. Giuseppe Sino Ponnelle's vulgarity is not poli, the conductor, made his Met house debut. He was fussy and intrusive. The music

The production is due to open the 1985-86 season (\$1,000 tickets on the first night), with Caballé and Pavarotti. Soprano and tenor have only eight bars to scuttle up a long, steep, narrow flight of steps leading from the dungeon to the platform above. Will that pair ever be able to make it?

The other new productions of the season were Porgy and Bess, already reviewed in these pages, and La Clemenza di Tito. Tito was designed and produced by Jean-Pierre Ponnelle as a companion-piece to his Ido-

pot on the lower terrace com-

mands the long view of the

garden front of the house, and

with the sculpture propre

makes a slightly different point.

How magnificent it looks just there, but what could she do

for our closer space or against

our lower wall? John Maine's

carved ellipse at the end of the shorter vista of the upper ter-

His other piece, with its maquette, is more self-sufficient,

a high pool and gentle over-

flow of water that could be

comfortable in almost any garden, on almost any scale.

David Kemp's rusted scrap-iron snipe and waders hiding beneath the trees; Elizabeth Milner's sewn and woven ham-

mock; Richard la Trobe Bate-man's grey oak garden seitle

with its hinged seat; the version

by Brian Scrase of a seat designed by Mrs Crossley-Holland's father in the 1930s.

There is a large male head by Elizabeth Frink closed in by hedges; and hung discreetly

high on their respective tree trunks, two inscribed ceramic

plaques by Ian Hamilton Finlay

Turner Prize—"The Birch Tree Recalls You O Philhellenes."

- a nominee this year for the

There are many other treats:

garden or parterre?

Andrew Porter meneo, using the same basic set: a columned courtyard, with the Arch of Titus now replacing the Arch of Titus now replacing the giant mask of Neptune. They are both handsome shows. The worst to be said against them is that they reduce two works of sharply distinct character—two very personal transformations of opera seria —to a generalised idea of opera seria as something conventional, stately and decorative.

altogether unchecked. Tito opens Rosenkaralier - fashion, with Vitellia in the double-bed from which Sextus has just risen. The first night foundered on the comic-cuts portrayals of Titus and Vitellia: Kenneth Titus and Vitellia: Kenneth Reigel an emperor with popping eyes, jerky gestures and choppy utterances, Renata Scotto moving the audience to mirth at her histrionics. Her recitatives were vivid, her arias affected to the point of fading into inaudibility. Later casts were said to do better and Carol Vaness's Vitellia won high praise. James Levine's conductpraise. James Levine's conducting was admirable.

Simon Boccanegra was to have

been a new production. Peter the company pulled out two Hall, then John Dexter, were an admirable revivals: Lulu and nounced as producers. But in the event some sorry old scenery from Chicago (to which Pierluigi Pizzi now refuses to put his name) was borrowed. put his name) was borrowed, and into it Tito Capobianco shovelled an any-old-how staging. Sherrill Milnes, who has matured into an uncommonly interesting and impressive Boccanegra, did something to redeem things, though some of his playing was saddy stage. his playing was sadly stagy. Anna Tomowa-Sintow was a correct Amelia, and Vasile Moldeveanu a Gabriele with a nice, virile ring in his voice but a provincial presence.

Paolo, a role usually taken by budding Boccanegras, was sung robustly by an ex-Doge, Peter Glossop. (It's been a season for veterans: Aldo Protti, a bari-tone of early LP operas, 30 years and more ago, made his Met debut, as Rigoletto: Italo Tajo was a horribly overdone Sacristan in Tosca.) Levine conducted well.

Just as one prepared to echo Virgil Thomson's 1952 charge that the Met "is not a part of New York's intellectual life,"

Parsifal.

Lulu was good in 1980; it's even better now, because cast, chorus (in the tricky Paris scene) and orchestra are more confident; and because it's now untainted by Chereau's perverse Paris production. In 1980, Lulu, Alwa and Dr Schün came straight from that impressive but unBergian show and— although Dexter's detailed pro-duction here is far more faithful -hadn't quite freed themselves

This season, Riegel (Alwa) was excellent, Franz Mazura (Schön) was ideal, and Julia Migenes-Johnson (who in 1990 shared the title role with Teresa Stratas) was electric—a "star." yet natural and unaffected. Evelyn Lear, once a notable Lulu, was a dignified Gesshwitz. All in all, it was a marvellous "company" presentation with Levine an inspired and inspiring conductor. Parsiful, a shabby old produc-

tion, 15 years old, and with the small parts cast poorly, was raised to greatness by the force of Jon Vickers's Parsifal; by

Kurt Moll's Curnemanz, beautifully sung and beautifully beautifully sung and beautifully uttered; and by Levine's broad, smooth, full conducting, also admired at Beyreuth (but in New York he has a better orchestra). Leonie Rysanek sang her first Kundry here. She left it late Vocalle her her here. left it late. Vocally, Act II was uncontrolled, but in Acts 1 and III she was memorable.

Little else to note. Some people admired Eva Marton's very loud Ortrud at the opening Lohengrin. I preferred Tomowa-Sintow's very decent Elsa. Domingo's Lohengrin was careful and correct but looked ful and correct but lacked romance. Levine (again) con-ducted well. Meistersinger, missing for eight seasons, returned all but Sachs-less, since Franz Ferdinand Nentwig did not Ferdinand Nentwig did not begin to fill the role. The Eva, Mari Anne Häggander, was so-so. Peter Holmann was a keen, lively Walther but also a truculent, dislikable one; it's a possible view of the character -but Beckmesser's view rather than Wagner's.

David Rendall, as David, sang with charm and clarity—the best performance I've ever heard from him, even if he's a bulky apprentice. Christof Prick (who spells his name Perick in America) secured colourful playing, good balance, but no

Country exhibitions/William Packer

Of time, nature and hands

For a second summer season (until July 29), Dr and Mrs Lloyd of High Wall, Pullen's Lane, off the Headington Road out of Oxford, have put their Peto garden at the disposal of Mrs Crossley-Holland of the Oxford Gallery. She has brought to it the work of some of the artists she represents and has invited the contribution of others, to put together an exhibition and demonstration of what an opportunity one has, in so garden-conscious a society as ours, to commission or pur-chase adventurous and yet entirely sympathetic and appro-priate modern work.

For it is just not true that new things do not sit well that at least that last passage sounded like a living piece of theatre, even if it made no against old walls or comfortably in old beds. Nor is it in the least bit true that given the sense whatsoever. The story is backed by the swelling, really willingness there is nothing being made today by which to rather good music and vocals from an eight piece orchestra directed by Jeremy Peyton make the experiment. All gardens must be made or somehow contrived, confections of craft, patience and inspira-No sign of the other Wedekind characters, least of all and surprisingly in these circum-stances the lesbian Countess and tion, were new once or raw in part to be left to weather and to settle down. Gardens are the work of time, nature and many hands, and artists need only to be asked to lend theirs.

there. We have only to ask: perhaps Guy Taplin, of the decoy waterfowl by the stream at the bottom of the garden, has the goose or swan we really want still in his studio at home.

turned to the fragmented, costively lyrical understatement

without ever producing the usual meditative repose.

Boredom was not entirely conquered I must confess, especially in Lösung, whose

isolated effects and microtones require the most careful and sympathetic hearing. The Zim-

mermann works were comple-

mented by Clarence Barlow's

Im Januar am Nil, for chamber

Do you think Svend Bayer, of the great stoneware jars on the lower terrace, would make one for us, but just the tiniest bit bigger, or fatter? Those Alison Fitzgerald willow baskets that are so lovely, in the colonnade: but we want one square, and deeper, with two handles. Monica Young's huge stoneware pots, big enough for Ali Baba, stand 41 ft high, and possess something of the presence, as they approach the condition, of sculpture, simple, massive and specific. Her single

Alison Fitzgerald's "Potato Basket"

race looks so well set high on its plinth, but what might he propose for our sunken rose William Pye has been pre-occupied with the sculptural potential of the fountain for

strength, with that special character of intensity of feeling and expression in the work that seems now peculiar to the Tolly Cobbold. Perhaps it is the restrictions on size that does it. or the knowledge that the work must tour, but it comes through every time.

The Tolly Cobbold is a truly national exhibition which always attracts a serious professional entry, and always a healthy number of the new and less familiar come through on equal terms with the more established names: Eric Moody, Annabel Cullen, Sylvia Hays, Gus Cummins, Mair Twissel, Michael Davis and Lance Smith, who won the Vladimar Vodka prize. It is good too that such artists as Dick Lee and Rosie Lee (no relation) should figure among the prize-winners. They have worked and shown long

country in Suffolk, the Tolly this demonstrate time after Cobbold Eastern Arts Exhibi- time how strong we are in the tion is now on show at the visual arts and how meanly we Christchurch Mansion in are inclined to treat them, With Ipswich, its home town as it figuration now so much the were, given its generous rule, extraordinarily so, there is sponsors (until July 28; then on not even that poor excuse.

to London, Bradford and New-castle). As with all open sub-moves into its second week at Each request will be different, as is each requirement, a long water tank over which a matter of mere emphasis here perhaps, of specific need structure of pierced metal judgment of the jury, most of there. We have only to ask: perhaps Guy Taplin, of the perhaps Guy Taplin, of the decoy waterfowl by the stream and falling with the power of the point; and if particular is to retain one or two works decoy waterfowl by the stream the pump to create at its height items seem inexplicable, I know from each show to give at least with all its neighbours a lattice from direct experience that my an idea of what went on. I was work of water, splashing and own decision would help to impressed by Frances Coleman crossing together before sub-produce something neither (last Monday) and look forward siding again. How nature better nor worse, but different. to seeing more of Andrew Goldmight accommodate it, to make it its own, remains to be seen.

This show is well up to ing (Tuesday) and Denys it its own, remains to be seen. strength, with that special Blacker (Thursday).

Half Moon

David Edgar's play Destiny will open at the Half Moon Theatre on July 12, directed by Chris Bond. The play, not seen in London for eight years, was first produced by the Royal Shakespeare Company in its 1976-77 season and won the Arts Council's John Whiting Award.

Museum of London acquires Bomberg

A David Bomberg painting entitled Evening in the City of London has been bought by the Museum of London with the help of grants from the National Heritage Memorial Recalls You O Philhellenes." and often enough yet without Fund and a Purchase Grant And there is much else besides.

Meanwhile, across the practical success. Shows such as Galleries Commission.

Kopernikus/Almeida

Max Loppert

As the grand finale of the 1985 striking not ideally plain. Ameida Festival, two performances were given this weekend of Claude Vivier's fashions (Pina Bausch notable Among them) came thick and fast; there was smoke (adding minute opera in two acts; and it completes the large-scale British introduction triumphantly undertaken by this splendid festival to a previously the cast also included Pauline splendid festival to a previously unknown Canadian composer of exceptional qualities. As shown on Friday, Kopernikus appears to sum them all up.

Ewing—was excellent, and the Contemporary Chamber Orches

sessed with death. Other works on the Almeida schedule (reviewed earlier on this page) suggested the fixation. This music-drama—a word that also indicates its hieratic, ritualistic, dream-landscaped contours is properly required for full labelling—explores it with an intensity that must prove mys-tifyingly obscure to the outsider (if not simply tedious), were it not pinned into shape and form by music of elo-quently precise, careful work-

Kopernikus outlines, though Kopernikus outlines, though in no orderly or consecutive narrative, the journey of a dead soul, Agni (Mary King) through the Kingdom of the Shades. The immediate references are Hindu, but beneath them the dramaturgy is soaked in a highly ornate Catholicism which (one suspects) an adherent suspects) an adherent and a French Canadian one at that) is best equipped to comprehend. Six other singerparticipants provide a kind of choral initiation-committee; in the later stages of the process, figures of Western civilisation (Mozart, Copernicus, and so on) are invoked among the shades. The close promises paradise and then, with the slamming of a door, appears to deny it. Vivier's text, played here in

the original French, is excep-tionally hard to follow—a collection of complicated religio-philosophical slogans laced with outbursts in an invented language. What holds the atten-tion, and keeps even the most prosaic mind from straying into irritated scepticism, is the frieze-like chastity of the musical writing for vocal and chamber - instrumental ensembles. Vivier's biggest debt is to the vocal music of Messiaen
—the sweet-toothed, quietly repetitive choral motets, the high-flying ecstasies of Cinq rechants (the seminal 20th cen-tury invented-language masterpiece). The notes are often sparse, and selectively placed;

Almeida Festival, two per- Fancy references to half the the women. But the singing-the cast also included Pauline Vaillancourt, Nicole Tibbels, Hugh Hetherington, and Alan Vivier, murdered three years tra under Odaline de la Marago at the age of 34, was obtinez kept the tranced slow tinez kept the tranced slow sway of the score securely in motion

> The Almeida's Claude Vivier retrospective continued on Saturday with a late-night concert in the Union Chapel, half a mile up the road from the Almeida Theatre, which included three early Vivier works dating from his student years.

Jesus, Erbarme Dick and O. Kosmos were both written for Stockhausen's improvisation class in Cologne in 1974: short studies for unaccompanied choir, unusually delicate and accomplished. Both show a particular relish for rich dissonance—of the dark, complex and embroiling kind rather than the merely jarring. The second of the two especially was inventive without insistcliches of the period-and in its code paid homage to Stockhausen with a direct echo from the last Region of Hymnen, with which the master was no doubt well pleased. In the third and longest

Vivier work of the evening, James Wood wore another of his several hats to play the percussion part of Proliferationsa trio for plano, ondes Martenot and percussion, Vivier's first major work, composed in 1969 while he was still a student of the Montreal Conservatoire under Gilles Tremblay (though later revised in 1975). Four fully composed sections.

linked by more freely notated semi-improvised passages, take about 20 minutes to unfold. The piano writing derives much of its manner recognisably from Stockhausen, and the ondes Martenot invention, unsur-prisingly, from Messiaen. The piece obviously enshrines an "idea" about communication: at the start, the three players each take off with no regard to the others' material. Gradually the three parts begin to cohere; words intervene; and by the end of the piece the instrumental music has been a wonderful sense of fine control orders their oneration.

The production, by festival administrator Pierre Audi, was by the end of the piece the instrumental music has been entirely replaced by words.

A BERRY, A SEED AND A ROOT STEEPED IN HISTORY

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THE GIN OF ENGLAND

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday,

July 5-July 11

PARIS

Le Barbier de Seville, conducted by Hans Graf, Almaviva sung by Dano Raffanti/Noel Velsaco, Rosine by Suzanne Mentzer, Figaro by Patrick Raftery and Basilio by Ruggiero Raimondi. Opéra Comique (2960611) Robert le Diable alternates with Soirée de Ballets and with Tosca. Conducted by James Conlon with Raina Kabaivanska in the title role and Giacomo Aragall in that of Cavaradossi. Paris Opéra (2865022).

WEST GERMANY

Iamburg, Staatsoper: This year's Hamburg Ballet Day runs to July 14 and starts with a German premiere, choreographed by John Neumeier, to music by Mozart. Also Onegin with Marcia Haydee and Die Kameliendame, Proust ou les Intermittences du Coeur danced by the Ballet National de Marseille with Roland Petit. (351151). land Petit. (351151).

Deutsche Oper Berlim: Cosi fan tutte, produced by Götz Friedrich, brings

ingether Angela Denning, Anne-So-fie von Otter and Keith Lewis. The Magic Flute with Karla del Re and Donald Grobe as leads. (34381) Frankfurt Oper: Michael Gielen conducts Der Rosenkavalier featuring Helena Doese and Gail Gilmore. La Bohème, sung in Italian, has Ilona

Opera and Ballet Tokody and Peter Kelen in the main parts. Aida is steered to triumph by Gail Gilmore as Amneris. Further performances are Der Zigeunerbar-on and Der Freischutz. The latter has Walter Raffeiner as Max.

on and Der Freischutz. The latter has Watter Raffeiner as Max. (25621).

Munich Bayerische Staatsoper: Munich's annual opera festival runs until July 31. The first week opens with a new production of Alban Berg's Lulu with a complete third act, produced by Jean-Pierre Ponnelle. Catherine Malfitano, Brigitte Fassbænder and Georg Paskuda appears in the main roles. The festival's highlight is Der Rosenkavalier, produced by Otto Schenk. Mezzo-soprano Brigitte Fassbænder sings Octavian, beside Lucia Popp and Helen Donath. Other productions are Arabella with Lucia Popp and Bernd Weikl, and The Magic Flute, an August Evending production. The revival brings together Edith Mathis, Peter Schreier and Kurt Moll. One evening is resserved for Offenbach's bellet Papillon choreographed by Ronald Hynd, which is based on the original version by the Paris Opera in 1880. (21851).

Milan: Teatro Alla Scala: Andrea Chenier by Umberto Giordano con-ducted by Riccardo Chailly and produced by Lamberto Puggelli. In the cast are Rosa Laghezza, Silvana

Mazzieri and Jose Carreras. Also Don Pasquale by Donizetti, conduct-ed by Roberto Abbado in Antonello Madai Disz's production. Scenery by Giorgio Cristini and costumes by Gianni Versace, with Luciana Serra, Pietro Ballom, Sesto Pruscantini and Regolo Romani (809126).

and Regolo Romani (2013) 201.

Rome: Terme di Caracalla (Rome Opera Summer Season): A new production of Don Chisciotte by Marius Petipa to music by Ludwig Minkus danced by Margherita Parrilla, Salvatore Capozzi and Piero Martelletta, conducted by Alberto Ventura. (461755/453841).

Spoleto: Teatro Nuovo: Fancinlla del West produced by Bruce Beresford with costumes and scenery by Ken Adam. In the cast Anne-Marie Antoine (Minnle) - here played as a lady of easy virtue. The Barber of Seville by Giovanni Paisiello (pre-dating Rossini's version by 30 years) directed by Maurico Scaparro and conducted by Marcello Viotti, with Roberto Coviello (Figaro).

Madrid: Teatro de la Zarzuela. An alltoo-rare appearance in his own country of tenor Placido Domingo in Otello, conducted by Luis Antonio Garcia Navarro, artistic director Piero Faggioni. (221 8510). ranada: Generalife Gardens. The Ballet Der Deutschen Oper am Rhein directed by Paolo Bortolumi.

choreography to Bach and Homage to Tommaso Albinoni to Erich Walto Tommaso Aloinom to Erich war-ter's choreography. The cast in-cludes Laurel Benedict, Valerie Ghiglione, Monique Janotta, and Claudia Jung. (225201).

Granada: Granada Music Festival.
Spanish National Orchestra and
Choir conducted by Jesus Lopez Cobos. Soloists Margaret Marshall,
Florence Quivar and Paloma Perez
Inigo in Gluck's Orfeo ed Euridice.
Palacio Carlos V; Handel's Messiah,
Auditorio Marguel de Falle (War) Auditorio Manuel de Falla, (Wed) (225201).

NEW YORK

New York City Opera (NY State): The 41st season includes four new pro-ductions Norma, The Love for Three Oranges, Kismet and Casanova – in the 20-week repertory that opens this week with The Student Prince and La Rondine. Lincoln Center (270 580)

Grand Kabuki (Metropolitan Opera House): A mixed programme of Jap-anese Theatre and dance takes up a fortnight's residence in Lincoln Cen-

New York City Ballet (Saratoga): A week of A Midsummer Night's Dream is followed by mixed pro-grammes including Afternoon of a Faun and La Valsa as the company takes up a three week residence. Saretoga Springs, NY (518587 3330).

Saleroom/Antony Thorncroft

£2,310 postcard

Today, while travelling, we send home postcards of Italy or Spain; during the Grand Tour of the 18th and 19th centuries British travellers were tempted by more tangible souvenirs of Venice, Florence, or Rome. At Schebby's restanday a prepared of \$4.840. It carries a landscape

Produced around 1770, and 31.2 cm wide, the plaque was probably mounted in Britain, and is little different from a modern scenic view. The sale of miniatures and objects of vertu totalled f199,485, with 13.2 per cent unsold.

The top price in the autoing damased

13.2 per cent unsold.

The top price in the auction was the £35,200 paid for a miniature of Thomas Weld, later Cardinal Weld, and his daughter Mary Lucy, painted by Augustin. On the marriage of his daughter Weld renounced worldly wealth, became a priest, and later bishop and then cardinal. The miniature was bought by a German collector for considerably more than the £20,000 top estimate.

A miniature by Alexander cent unsold, at £206,518, Undamaged and good quality Ushak and Ziegler carpets did quite well but there was little interest in dark coloured Aubussons. However a light coloured Aubusson sold for his daughter Weld renounced worldly wealth, became a priest, and later bishop and then cardinal. The miniature was bought by a German collector for considerably more than the £20,000 top estimate.

Venice, Florence, or Rome. At E4.840. It carries a landscape Sotheby's yesterday a group of tiny mosaics of Rome, with a view of St Peter's, sold for purpurine box with silver gilt 22,310, at the lower end of its estimate.

Produced around 1770, and 31,2 cm wide, the plaque was for failed.

Carpet sales are always tricky, so there was not too much surprise when Christie's auction yesterday was 55 per cent unsold, at £206,518. Un-damaged and good quality Ushak and Ziegler carpets did

£20,000 top estimate.

A miniature by Alexander
Cooper, of around 1635, made
£6,380 to the same buyer. It
depicts a Dutch gentleman.
Lavendar, the London dealer,
pald £6,380 for a young lady
painted around 1840 by Sir
William Ross. The vendor had

and the commence of the commen

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

Job creation

Where charity and profit meet

William Dawkins reports on the U.S.-inspired attempts to make philanthropy earn its bread

groups concerned with combating unemployment. The maga-zine, Initiatives, does not come free, but it has never made a

profit-por was it intended to-

for CEI. "It makes information available in a way that our private sector competitors would never dream of doing," claims

Those competitors include

Job Creation Ltd, PA Creating Employment (an offshoot of PA

Management Consultants) and the consultancy arms of some

of the big accountancy firms.

Job Creation, a conventional

profit-making business-with a

turnover of £1.5m in its latest

financial year as against CEPs £365,000 — acknowledges that the group is a force to be reckoned with and even admits that it has lost the odd contract

"We are probably more expensive than they are," says Guy Halliwell, a director of Job Creation. "If price is the main factor, we won't get it, but if the creation of new jobs is the overwhelming factor, then we will "and comment."

then we will "-a comment which illustrates the fact that

CEI's market is as competitive

as any other.

LEntA takes a similar

SETTING up a business with no intention of creating personal wealth for the founders might seem to be the

rounders might seem to be the very antithesis of entrepreneurialism.
Yet so-called non-profit organisations, or community businesses as they are sometimes known, have come in recent years to represent a growing-even if tiny-part of the UK's small business scene. Many of them have been sponsored by large companies. keen to demonstrate a sense of social responsibility by supporting local attempts to combat

If, as their supporters hope, they follow the pattern of their longer established U.S. counterparts, they will play an increasingly important part in providing community services which fully fledged commercial ventures find only marginally profitable, or which public authorities can no longer afford. Their special problems and aspirations are highlighted by the experience of the Centre for Employment Initiatives (CEI), a London based nonresearch consultancy which advises public authori-ties, companies and small

business organisations on job creation techniques. CEI, one of the biggest nonprofit ventures in the UK, has grown rapidly in recent years, as have its working capital needs. But to the organisation's considerable discomfort, its bank refused an application for am increased overdraft earlier this summer, forcing the CEI to move its account elsewhere and seek outside backing.

The CEI's trials underline the UK financial community's relative unwillingness to finance unconventional businesses and illustrates some of the difficulties involved in transplanting to Britain an idea which has flourished in the U.S., where non-profit businesses account for an estimated 20 per cent of the jobs in service industries.

Intentions

Although the CEI and its Although the CEI and its counterparts call themselves of free consultancy to volunderparts call themselves of free consultancy to volundefinition does not accurately reflect their intentions. They are as keen on making profits as any business. The difference is that they aim to use earnings from commercial activities for the second to free consultancy to volundies, another of the agency's ties, another of the agency's different aims. "It is trying to take a longer term view and tackle areas that the purely commercial market won't touch," says Brian Wright, the



Colin Ball: recycling fees from richer clients

the benefit of local communities —as opposed to shareholders either by offering free or cheap services to customers with special needs, by taking on projects which no commercial venture would touch, or by making charitable donations.

Unlike local enterprise agencies, which have similar social objectives, they aim to become independent of sponsorship or grant aid, though many need outside support. Some agencies like the London Enterprise Agency (LEntA) and its equivalent in Medway have either set up or are planning non-profit offshoots to subsidise their activities.

According to Robin Heal, community projects manager for BP, about 80 community businesses have emerged in the UK over the past five years (there are no centrally gathered figures). Examples include Provenhall Holdings, a chain of community-owned shops on a Glaswegian housing estate; New Work Trust which provides advice and premises for small businesses in Bristol; and Focus, a redundancy counselling service run by LEntA.

"We are essentially a Robin Hood organisation," says Colin Ball, 42, a founder director of CEI. "We earn consultancy fees from richer clients which in a number of ways."

These include the provision

Over the past two years, for instance, it has spent £800,000 on refurbishing a warehouse in Spitalfields which had been empty since 1966 and now uses 40 small businesses. It has also spent £250,000 on turning a 10,000 sq ft property in Islington into workshops, a scheme too small to be of interest to commercial developers, who tend to draw the line at industrial buildings

twice that size.
All these sound like perfectly All these sound like periectly admirable attempts to make philanthropic endeavour earn its own bread. Yet non-profit bodies have been widely criticised for heing inexpertly managed and showing a consequently poor survival record. In some cases, like Lenta Properties, which is managed by experienced executives on loan experienced executives on loan from large companies, that criticism is wide of the mark. But a high failure rate among non-professionally managed community businesses, especi-ally in Scotland, suggests that

the going is far from easy.

And if CEI's experience is anything to go by, non-profit organisations are uniquely exposed to a problem that arises precisely because of their ambiguous position half-way between charity and commercial

Vulnerable

CEI's five directors had to give personal guarantees worth £65,000 for the group's overdraft — a requirement with which conventional entrepreneurs are only too familiar. It became increasingly clear as the business grew—from a turn-over of £150,000 in its first year to February 1983 to an expected £450,000 in the current 12 months—that the overdraft was "vulnerable, expensive and onerous," says Ball.
That is a tolerable burden for

LEntA takes a similar a profit motivated businessman, "Robin Hood" approach to its redundancy counselling service, Focus, which charges clients at commercial rates and uses the proceeds to subsidise advice for young people considering starting companies. LEntA Propersing companies of the agency's specimal a reward other than receiving a reward other than Robin Heal admits: "It has been the personal satisfaction of a terribly difficult idea to sell making an impact on unemployment.

It is understood that two other individuals are now supplementing the CEI direc-tors guaranttes and the

group is looking for further guarantees from 300 other people and organisations. Those are designed to underpin a

Provident Society, a non-profit bank set up 10 years ago to support such ventures.

Depositors, who have to be found by CEI, nominate the interest rate they are prepared to receive—up to a maximum of 8 per cent—and Mercury on-lends their cash at a 3 per cent

£40,000 soft loan it is hoping to raise from the Mercury

premium to cover its cost. Its deposits grew by 30 per cent to £1.3m in 1984.

"We are here because commercial funds are not covering a wide enough sphere," says Ray Mitchell, Mercury's executive director. He points out that the U.S. non-profit sector has grown strongly since the early 1960s at least partly because soft loans have been much more easily available there than in

The U.S. Local Initiative Support Corporation, for instance, which was set up in the mid-1970s as a non-profit bank funded by the corporate sector, lends \$40m annually to such organisations. According to the Urban Institute, a Washington research body, there were 124,000 active non-profit organisations in 1982, the most recent year for which statistics on the sector are available. They employed 6.5m people and provided services worth \$131bn (£101bn), representing 5 per cent of gross domestic product. says the institute.

Their growth in the U.S. has been assisted by federal and state governments' tendency to farm out social services like day care, housing or community development, though that source of income has dwindled in

or income has dwinned in recent years.

BP, Legal & General, Citibank and United Biscuits, attempted to emulate the U.S. model when they set up Local Initiative Support UK two years ago to attract funds from financial institutions. cial institutions to invest in community businesses.

The group does have several small business property devel-opments under its belt, but BP's institutions. This is going to become a very important sector in the next decade, but the sad thing here is that they are still seen as some kind of charity like meals on wheels."

In brief...

BUSINESS .. Expansion Scheme fund managers can breathe a sigh of relief that the feast of property develop-ment issues early this year does not appear to have sapped investors' appetites for other offerings.

The latest funds to have

closed have had no difficulty in beating their minimum subscription targets, and if anything are eliciting more interest from investors than

The Quadrant Development Capital Fund. 1985. which came out in May and was the first BES fund to be launched in the current tax year, has closed after raising just over £2m, as against its £1.5m minimum target.

Charterhouse Development Capital's 1985-86 fund has closed after pulling in £4.5m, which compares with its £3m minimum. St Helen's Trust Syndicate, which set itself no lower limit but was looking for a maximum of £250,000, has closed with £235,000 raised from just 16 investors.

THE EIGHTH national small firms policy and research conference will take place in County Antrim, Northern Ireland. between November 21 and 22

It is to be co-hosted by the Northern Ireland Small Business Institute and the Local Enterprise Development Unit, the Government small business agency. The £50 fee includes accommodation

The conference organisers are calling for papers, and would like to receive synopses would like to receive synopses by July 31. Details from Joyce McIvor at the institute, Enterprise House, University of Ulster at Jordanstown, Shore Road, Newtownabbey. Co Antrim. Telephone 0231

LEEDS Polytechnic is to hold a two-day conference starting on September 12 to discuss opportunities for converting redundant industrial build-ings for small business use.

The conference will be led by Dr Howard Green, a co-author of the Small Busi-ness Research Trusts's recent paper, Putting Spare Space to Work. He will examine the possibilities for such develop-ments and the problems they The course fee is £55 plus

£17.50 for overnight acco modation. Details from Mrs B. Brook, Leeds Polytechnic Intensive Courses Unit, Brunswick Building, Leeds, 1.S2 8BU. 0532 630505. Telephone

Retirement and handing on the family business

WHEN THE time comes to pass on your business, you may find yourself worth a great deal on paper, but your readily realisable assets could amount to far less. So it will be important to ensure that your choice of action is not limited by an inability to fund any tax liabilities. that a particular course might

You may, of course, be happy to sell the business to unrelated parties like your management; or you may just close it down and sell the assets. However, you need to think ahead to minimize your tay bill, to provide you need to think ahead to mini-mise your tax bill, to provide for retirement, and to see that the capital realised finds its way to the right people in the most tax efficient manner.

Planning is generally easier if your business is a company rather than an unincorporated venture. An Inland Revenue-approved company pension scheme offers considerable scope for reducing the company's taxable profits, extract-ing cash from the business in a tax-efficient way and providing capital and income needed for

A self-employed person, or anybody who does not have a company scheme, can usually contribute up to 17½ per cent of annual earnings to a retirement annuity scheme. Such payments: are tax deductible, but generally do not provide such favourable benefits as those available from a company pension scheme.

Flexibility

The advantage of owning a company in these circumstances lies in the flexibility of its share structure. Shares can be settled on a trust, given outright, sold or exchanged. A holding of shares enables you, if appropriate, to retain an interest in the business after retirement. The company itself can be used as a vehicle to buy out your interest, so extracting cash and leaving the other shareholders in control. With appropriate Revenue clearances, your only tax liability on such a purchase may be to Capital Gains Tax (CGT) rather than income tax, as on a company dividend.

The three taxes with which one is normally concerned are stamp duty, CGT and capital transfer tax (CTT). The incidence of each on passing on losses arising to a company on shares in a family company has its capital assets could be set



cent stamp duty charge on the value of gifted assets. The charge may still arise on a sale of the shares but this is a buyer's cost (albeit one which may affect how much he is prepared to pay).

Up to the first £100,000 of capital gains arising from the disposal of shares in a family trading company or group may be exempt from CGT if you have reached the age of 60 or are retiring earlier on health grounds. If you are transferring the shares by way of gift, you can elect to defer any CCT

Gifts

The CIT on shares transferred through lifetime gifts may be minimised or avoided by using your annual exemptions, the nil rate band (currently up to 567,000 renewable every 10 years) and the lower rates of tax on lifetime gifts.

Your shares may also qualify for the special business relief under which their value is reduced by 30 or 50 per cent in assessing your tax liability. It may be possible for any tax liability that does remain to be paid in 10 equal annual instal-ments. Similar reliefs apply for the unincorporated business.

Considerable opportunities are accordingly offered to minimise your potential liability, provided you plan ahead.

MALCOLM GAMMIE
Malcolm Gammie is director
of national tax services at KMG
Thomson McLintock.

been much alleviated in recent against its trading profits. Howyears. This year's Budget, for ever such losses can only be set example, removed the 1 per against its capital profits.

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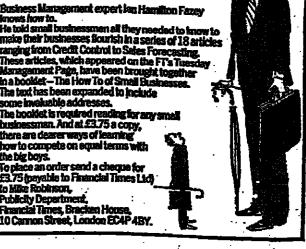
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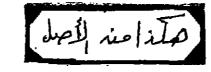
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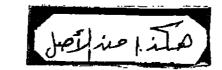
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(Oued Bousselam), Wilaya de BEJAIA.

The works to be carried out concern principally:

(1) Arched dam — height 91m;

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Company Notices

VINTOILS.A. Société Anonyme Luxembourg, 37, rue Notre-Dame R.C. Luxembourg B 18,064

Notice of Meeting

Mesars. Shareholders are hereby convened to attend an Extraordinary General Meeting which is going to be held on July 19, 1985 at 11 a.m. at the beadoffice, with the following agenda: Agenda

Discussion about a proposed merger offer, the details of which will be available at the Company's registered office as from July 12, 1985.

The Vintoil/Vinton inter-company capital restructuring.

The heart of Directors.

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The coupon amounts have been reliculated to be US\$208.51 and US\$208.50 and US\$20.00 denominations respectively. Such amounts will be due upon presentation of coupon No. 3.

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Tuesday July 9 1985

Brinkmanship at Opec

themselves 14 days between their meeting in Vienna at the weekend and the next gathering in Geneva to sort out their problems. It is difficult to see what can happen in that time to make their task of re-asserting control over the oil market any easier. Indeed, the most impor-tant development at the Vienna talks—the calling of Saudi Arabia's bluff to flood the oil market if Opec refuses to dance to the Kingdom's tune— appears to have weakened if not removed the main incentive for the organisation to make tough

Saudi Arabia thus finds itself in a rather serious position. It wants to sell more oil, but its customers are walking away and its fellow Opec members are refusing to move aside and allow room for the Kingdom's transparently beyond output to grow organisation's reach.

output to grow
The Saudis really have only Arabia now controls less than 5 per cent of the world crude

By allowing its production to fall to such a low level, the Kingdom has made a tactical error from which it will have great difficulty recovering. It has, in military terms, sur-rendered large portions of territory to other Opec members and now finds itself attempting. to negotiate its return armed only with threats.

The threat—of price war accompanied by at least temporary dissolution of Opec itself—is not very credible, both because of the Kingdom's conservative instincts because of the nature of the oil market Opec now faces. It is perfectly possible that this year the world will want to buy only between 15m and 15.5m b/d of Opec oil, compared with 17.2m b/d last year and an emergency Opec production ceiling imposed last year of 16m b/d. The view inside a number of leading oil companies is that this situation could persist for a number of

In other words, Saudi Arabia cannot really hope to achieve its goals by a short, sharp shock to would be disruptive, even sensational; but the price would have to fall below \$15 a barrel and stay there for it to make any impact on non-Saudi output in the next two or three

years.

It is also plausible, although would still not be sufficient to revive overall demand, since conservation and substitution

investments would hardly be

OPEC MINISTERS have given likely to be reversed in a world prices,

> What this means is that Saudi Arabia needs Opec, just as much as the rest of Opec needs its most important member. Saudi Arabia cannot fight a price war on its own and hope, in the long run, to win. The Saudis have always shown great understanding of the fact that, for them, victory has to involve convincing the world that oil is a commodity which should continue to have a prime place in the energy picture.

counterparts in West Germany

and Japan have been broken

down. Now, more than ever,

practitioners are used to the

idea of talking in terms of one

market place, covering effec-

tively almost the whole of the

became fashionable last year

withholding tax for non-

launched in its domestic market.

That was supposed to eliminate

the distinction between the

mammoth U.S. market and its

borrower raises money in one

sector of the market and swaps

it with funds raised in another

to achieve a better rate or a

more suitable currency than he

Suddenly, borrowers are no

the currency and type of debt they require. Instead they can

pick and choose, launching issues in markets where they

will get the best reception or where funds are most readily

available and then switching the debt into another currency,

or from fixed to floating rate, or vice versa. "Swapping techniques have made a global

THE SECRET behind swaps

are the subtle and not so subtle differences in percep-tion of credit and pricing between one sector of the

world debt markets and

could otherwise achieve.

Talk of a global market first

industrialised world.

This does not leave Saudi Arabia and Opec with many options. The ideas discussed in Viena, sunch as a joint marketing organisation to control the flow and price of Opec oil, are

Opec, it is sometimes possible two alternatives: to precipitate to forget, is an uneasy alliance a price war or to accept that of diverse countries, two of just as Opec has lost some of whom are at wor with each its power in the world by suffering a loss in market share, so organisation has survived at all and that it has succeeded in maintaining the price of crude oil at something like 10 times Opec's average cost of produc

> It has achieved this by >3 exercise in continuous diplo-matic brinkmanship, of which the Saudi's recent threats have been merely among the mon vocal and dramatic.

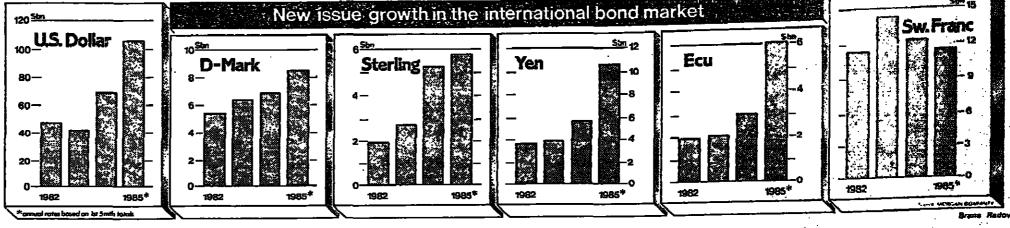
> The reality is that Opec must continue to live in a world where demand for its oil is weak, brinkmanship may be unsustainable.

If that is true, Saudi Arabia will have to face the fact that the only immediate problem in the oil market is that alone among Opec members, the King-dom is still demanding across the board an unrealistic price for its oil. Out in the real world, the price of crude has been fairly stable and refiners margins in Europe and the U.S. are the best they have been for years. Saudi Arabia is doing more to rock the boat than anyone else. · ·

The Kingdom clearly must bring its prices into line with those of its competitors and then urge Opec to adopt a mechanism to link official prices directly to the open market. This does not necessarily mean the spot market governing all transactions, customers will pay some pre-

mium for security of supply.

That would still leave Opec with the critical task of determining a level of output and maintaining discipline. In reality, that is best achieved by Saudi Arabia constantly using necessarily a matter of specu-lation, that oil at \$15 a barrel production, like the swing producer it is meant to be, to influence the temperature of the market. At least then, the organisation's eye would be on the ball.



Capital markets: now the QUIET but profound revolution has occurred the \$100bn-a-year international bond market. Almost imperceptibly to all out the most specialist insiders frontiers come down the market has gone global. The rigid demarcations that once separated, say, the euro-dollar bond market from its

By Peter Montagnon, Euromarkets Correspondent

London

when the U.S. abolished interest swaps may be piling hidden denominated gilts. resident purchasers of bonds risks on to their books, yet few insiders doubt that the nently smaller counterparts in Europe. national finance.

In fact by far the largest impulse has come from the rapid growth of business in has not only drawn new tremely simple as is shown by swaps—the practice whereby a currencies into the international the classic pioneer swap deal arena, many of which, such as organised by the World Bank in New Zealand and Australian 1981. dollars or Ecus or Danish Crowns would scarcely otherwise have any real relevance. It has also provided a new tool for borrowers to manage their longer restricted only to that particular market which offers debt efficiently in an age when liability management to keep borrowing costs to an absolute minimum has become all the

> add to its portfolio of British Government gilt-edged stock also had to take an exchange risk in sterling, that is no longer

institutions which arrange what are effectively yen- markets. So far this year busi-

The actual mechanics of the running at an annual rate of swap market are extremely comestablished as an only been made possible by the its parent The Prudential Inessential ingredient in inter- explosive growth in both communications and computer tech-In practical terms, the nology. But the principles development of the swap market underlying the market are ex- that the annual volume of in-

The Bank arranged to exone in cheap Swiss Francs raised by IBM. Before that the World Bank had been a heavy borrower in the Swiss market and therefore had to pay a large premium for its money, while minimum has become all the rage.

Investors, too, are latching on to the idea. Whereas in the past an institution that wanted to

U.S. corporate household names.
Swaps only, however, really became big business last year when, according to the invest-

THE COMPLEX AND EXTRAORDINARY MECHANICS OF SWAP

debt market," says Mr John the case today. Using concepts ment bank Credit Suisse First possible price. Combined cur-Botts, managing director of developed in the swap market Boston, \$80bn worth of business rency and interest rate swaps Citicorp Investment Bank in and increasingly the swap was done and swap transactions have become common so that, London.

market itself, it is now lay behind at least half the new for example, a borrower of fixed Central banks worry that theoretically possible to buy issues in international bond rate Australian dollars may ness is thought to have been This year has also seen rapid over \$100bn. Prudential-Bache

> terest rate swaps alone could surge to \$200bn by the year Mr Eugene Rotherg, the World Bank's treasurer, says change a dollar bond issue with swaps "permitted us to borrow a number of currencies which had rather high nominal in-

has just formed a special com-

pany to deal in swaps, reckons

terest rates. It spread the Bank's name into new markets which before we didn't see fit to use. As the swap market has developed the deals themselves have become more and more sophisticated. Nowadays a swap

actually finish up with floating rate debt in U.S. currency.

growth in the secondary market swap market is now perma- plicated and its development has Securities, which together with in swaps. Many large investment banks which specialise in surance Company of America this type of business now have a pool of swappable debt which they can buy or sell to each other or to their end customers. And this allows the nimble corporate treasurer to dip in and out of the market, sometimes building, demolishing and resurrecting a swap package all within the space of a month.

That in turn has helped foster the market for investor swaps. "We have done very substantial volumes of UK gilts hedged into dollars with U.S. investors. That is now beginning to globalise the market from an investor perspective as well," says Mr Jeffrey Hanna, a senior bond analyst with the New York investment house

international debt markets. Where once a borrower needing floating rate funds had to launch a floating rate note issue, he must now look at fixed rate markets too and see if rates are better via a swap. And if after, say, six months rates have fallen, he can lock into the more attractive lower level of fixed rates simply by unwinding the swap.

But there is a catch, Swaps are complex and delicate structures, a large part of which re-main hidden from the gaze of both the public and those government authroities responsible for ensuring the smooth working of the international financial system.

Almost invariably investment banks which have developed the swap market refuse to reveal exactly who is swapping what with whom. That means the credit risks cannot be easily guaged and no one knows for sure what would happen if one party to a swap transaction went into default. The risks are hidden. Swap business does bank balance sheets and it is hard to tell how much any institution has in the way of such contingent liabilities.

That is why central banks are uneasy. The would like to impose capital requirements on swap business to ensure that banks do have the ability to absorb any losses that might

But even if they do, there is little chance of the swap market disappearing. It has grown too large for that and, morrover, the risks far outweigh the new dimensions it has added to the concept of debt management. "If it moves, swap it" most still be the market rule for

in Spain

ample warning of his intentions to reshuffle the Spanish cabinet. Yet when the changes were part in the EEC.

The other major change has been at the Foreign Ministry announced last week the operation had clearly not gone as planned. In particular, the Prime Minister found himself accepting the surprise resigna-tion of his Economy Minister, Sr Boyer, who was originally indteded to emerge with a strengthened role.

almost certainly until the elec-tions next year, is far more homogenous and policy is likely to change only in form, not substance.

An important historical point deserves to be underlined about the former Cabinet. Having served for 32 months since Sr Gonzalez's electors; victory in 1982, it was the longest surviv-ing Cabinet of any in Spain under an elected government.

and over the tough monetarist policies of Sr Boyer. However, Sr Gonzalez was anxious to hold his team together as long as possible to give a sense of stable

Although Sr Boyer was ittended to stay at the helm of the economy, he was demanding an ever-growing role and this self-assertion made it more difficult for his policies to be

No Economy Minister has done more than Sr Boyer to prepare Spain for its entry into

His successor, Sr Solchago, was responsible for implementing the most thankless part of these policies-closures in the ndustry and shipbuilding. Sr Solchaga is close to Sr Fryer now put to effective use his and their economic critics formidable powers to communi-

Spain's desire to prepare for its part in the EEC.

where Sr Moran has resigned and has been replaced by Sr Fernandez Ordonnez, an ex-perienced politician with few socialist credentials and very much at the Prime Minister's command. Sr Moran bows out with the success of having presided over the negotiations for accession to the EEC. Yet Sr Gonzalez was never happy about Sr Moran in the Cabinet, 15 years older than any of his col-leagues and from a more leftist socialist tradition.

Sr Moran was firmly identified with those in the Socialist Party who opposed Spain's membership of Nato. This is the biggest issue facing the Government between now and the next elections, and Sr Gonzalez has made the first step in authlialia classificiary his in publicly clarifying his government's stance over the

The Socialists' electoral platform of 1982 pledged a referendum on Nato with the clear implication that they would favour a withdrawal. Since then Sr Gonzalez has frozen integration in the military structure of the alliance; but in private has discovered the benefits of Nato to the extent that he is understood to favour remaining

member. Opinion polls in Spain continue to show that a majority of the electorate is against Nato, preferring an ill-defined neutralism. The Government has been hoist by its own petard with this referendum. If it is to swing people behind the Nato idea, then Sr Gonzalez very

It is not going to be easy for him. ris-d-vis his own party and the electorate, to campaign in favour of Nato. But he must within the Cabinet have been cate and the enormous goodwill dumped. This is a clear signal which he retains even after of economic continuity and of nearly three years in office. abroad. His company might well be too little known to obtain funds directly from the international market but it could privately arrange a bank credit in dollars. Then it would swap that debt with a borrower in the New

New Zealand dollar market is a case in point. Interest rates on New Zealand eurobonds are typically about The difference between international investors be-cause it is a far higher rate than they could expect to receive for U.S. dollar paper. But interest rates on domestic issues are as much as 2! percentage points higher still because unlike euro-bonds, they attract with-holding tax. Suppose, for example, that the treasurer of a smallish New Zealand company wanted to raise some cheap money

a borrower in the New Zealand dollar bond market.

euro-rates and the domestic rate would be split, so that the New Zealand borrower would end up with New Zealand dollar debt costing more than a eurobond but less than a domestic issue, while the other party which took on the dollar debt would have some extra resources available to reduce its cost. The New Zealand dollar eurobond market has seen a total of almost NZ\$800m in new issues this year. Many of

the borrowers such as Denmark and the Nordic Invest-ment Bank have no natural use for the funds they raise in that currency, but they can profit from the swap advan-tage that an obligation in New Zealand currency offers.

But the height of this " now you see it, now you don't" phenomenon has come with the recent launch of a spate of floating rate notes bearing maximum coupons in the euro dollar bond market. When the U.S. investment

house Shearson Lehman launched the first such deals for France's Banque Indosuez and Banque Francaise du Commerce Exterieur the market was mystified. How come, people said, that such prestigious names were pre-pared to pay such a high price

for floating rate funds? Both bore what looked like an out-standingly generous margin of } per cent over the referdenosit rates. It looked like a steal for investors.

But the catch came in another unusual feature. Both the issues bore maximum coupons of 1372 per cent in the case of Indosuez and 13 per cent in the case of BFCE. That means the interest paid on the notes can never rise above this level regardless of what happens to interest rates generally. With short-term dollar rates currently hovering around the 8 per cent level the prospect of this cap, as it is called in the trade, ever coming into play seemed remote and investors ignored it, concentrating instead on the rich current return. The cap was, however,

vital ingredient of the deal covered that it could be stripped out of the deal and sold separately as a whole. Lehman had dissold separately to other market borrowers who, for need protection against high interest rates.

Most issuers of capped fleaters have been banks which do not normally need to worry about the absolute level of interest rates. What bothers them is the difference they can earn between the price they pay for their money and the price at which they can lend it. Forfeiting the protection of the cap was therefore of little conse-quence to them as long as the proceeds could be applied to reducing the ongoing cost of servicing the issue. And that is exactly what

DEALS...

happened. The cap itself was sold in a swap transaction involving borrowers who might suffer badly at times of high short-term rates, Such borrowers might be U.S. Savings and Loan institutions with large portfolios of fixed rate mortgages, or they might even be invest-ment banks forced to carry a large inventory of fixed rate bonds on their books. Lehman bonds on their books. Lehman will not disclose the identity of the counterparty in its ...transactions, but it did state that the swap reduced the final borrowing cost to BFCE to just 2.5 basis points above the London interbank bid rate for eurodollar deposits.

Cabinet changes Posgate seeks a box

FELIPE GONZALEZ gave

This may dent Sr Gonzalez's reputation as master in his own house. Nevertheless the team that is now to govern Spain,

From the outset there were tensions regarding suspicions of Nato harboured by the Foreign Minister, Sr Moran,

soon must state clearly where

deutists to make a hid for

Men and Matters

Goldfinger is on his way back to Lloyd's. Yesterday Ian Pos-gate, once the most celebrated underwriter in the Lloyd's in-surance market, cleared an important hurdle in his efforts to resume his career. The Lloyd's ruling council ratified disciplinary proceedings against him which will mean that his susin the early weeks of next year.

in the early weeks of next year.

Posgate (popularly known as
Goldfinger in the market) is in
relaxed mood. In his offices
overlooking the new Lloyd's
building yesterday, he reflected
that the cost of disciplinary
proceedings launched by
Lloyd's against him had cost the
two sides a total of around fire two.sides a total of around £im.

Posgate, aged 53, wants to
start underwriting as soon as
possible. "I prefer to be sitting
in a box at Lloyd's," he said. He was once the most powerful marine underwriter in the world accepting more risks on ships and their cargoes than anyone else. He accepted busi-

ness for more than 4,000 underwriting members. His return is likely to be on a more modest scale. He

MG driver the company's new primary dealer subsidiary.

"I'm thinking of putting together a consortium of

intends to buy a shareholding in , and Geoffrey Collier, president an existing underwriting of Vickers de Costa Securities an existing underwriting agency, and he has three possible agerzies lined up. addition he is holding on to his 51 per cent stake in the Posgate and Denby agency which he founded. In the first instance he plans to act for between 100 and 200 underwriting members with a capacity of between £2m and £10m. "Jeffrey Archer (the prolific author) asked if he could be my first new name,"

Posgate had a reputation for undercutting rate-fixed agreements in the cartel-style marine market. Would be be so burcaneering again? "I would caneering again? "I would have to co-operate," he says. "It is only right that I do co-operate. I would like to conform to the market agree-

he claims.

Alistair Buchanan was looking forward to "a couple of months in the garden and some holiday travel" yesterday—a relaxed attitude for a man taking over a hot sea at merchant bank Morgan Grenfell in October. Buchanan, aged 49, has stepped down as chairman of Cater Allen Holdings and is to be managing director of Morgan Grenfell Government Securities,

The move is a result of Morgan Grenfell's takeover of stockjobber Pinching Denny, Boyle, to form the nucleus of MG's operations in the gilts market. Buchanan, a former director of the London International Financial Futures Exchange, has awide experience

Last month MG headhunted

to organise sales and research. But an MG spokesman denied yesterday that it had "pinched" Bechanay from Cater Allen. "He had already decided to step down," I was told.

Off screen

In spite of the wonders of modern satellite technology for beaming television the message from space is a familiar one: "normal service will be resumed as soon as possible." The ECS 1 satellite became "dissoriented"—official word— yesterday and stopped transmit-ting pictures just before lunch-

The satellite could not have chosen a more embarrassing moment to lose its marbles as far as the British cable and satellite industry is concerned. The big industry exhibition of the year, Cable 85, opens in Brighton today,

Board and pulpit Within a few years of being ordained into the Church of England as a priest in 1986, William Penney, himself the son of a Kent vicar, surveyed his flock in north west Kent and concluded so many of nem were "something in the City" that there was a world he

should know more about. After pursuing twin careers in the church and in industry for the last eight years Penney, aged 44. has achieved his ambi-tion. He has been appointed to his first board-room job as the group development director of Williams Lea, the financial

Last month MG headhunted two stockbrokers for its new opreations—John Holmes, president of Hoare Govett's U.S. subsidiary to run the equities side to help develop computer and

communications technology in the financial community."

Meawhile he will continue to hold down an ecclesiastical job as personal chaplain to the Bishop of Rochester, David Say. and expects to be able to find time to preach a sermon at

least onec a fortnight.

Penney went from being vicar of Bredhurst, Kent, to the London Business School where he became a Sloane Fellow. He then became involved in the Church of England's industrial mission before joining the mission before joining the Rockware Group as communications manager

At Rockware he had an early personal experience of a modern industrial problem. During the group's slimming-down he was made redundant.

Wee drams May I be forgiven for saying

that a new spirit is entering the North Sea oil scene. Occidental Petroleum has already dipped its toe into already dipped its foe into strong waters by calling one of its fields Claymore—also the name of a whisky brand.

Now Oxy is expected to use the names of four of the most famous whiskies from the giens to christen important finds in a North Sea block it has been exploring with parthas been exploring with part-

Raise a glass to the new oil and gas fields—Livet, Fiddich, Morangie, and Grant.

No vices

Looking down the list of a forthcoming delegation from China a personnel manager of British American Tobacco noticed one of the visitors held the title Wise Leader.

Was he appointed to look after the spiritual needs of the others, the company wondered? When the delegation arrived the man in question explained.
"In my country we have a chairman, a wise chairman, a president, and a wise presi-

dent . . . Confucius say, wise is the vice president who knows his

Observer

Extel Financial and Business Services Limited

announce that

The Ranking of U.K. Investment Analysts

will be published on 12th July 1985.

The annual survey of The Ranking of U.K. investment Analysts has been acquired by Extel Financial and Business Services Ltd. As in the past, Geoffrey Osmint, who devised the survey, will analyse the information, but now in collaboration with Extel

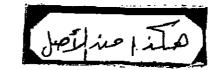
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MERSEYSIDE

Some glimmers, more gloom

By Nick Garnett, Northern Correspondent

ping through the letterboxes of Liverpool's Lahour councillors. Workers at Plessey's Huyton plant digesting the loss of 700 jobs, the latest in a dispiriting six-year series of factory shut-downs in greater Liverpool. A new report on the sour atmosphere bedevilling relations between Merseyside's chief constable and its police

To the hardheaded, these may seem no more than three of the latest examples of busileaguered fourth biggest city. But some good things have hap-peucd in Liverpool and the Merseyside hinterland over the past year despite a consistent unemployment rate of 21 per cent with all the desperate social consequences that implies.

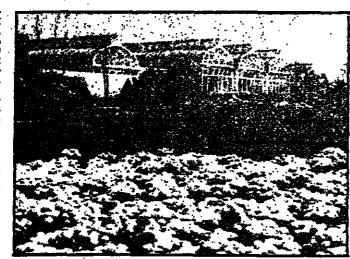
Ironically, these positive developments are newly threatened following the Brussels football tragedy. Heysel has left a legacy crystalised in two questions, both of them central to Liverpool's eco-

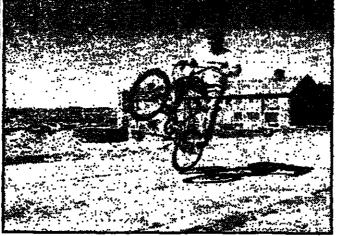
Have the more heartening developments in the city during the past year fashioned a new platform from which to sell Merseyside, which might be jeopardised if the Brussels Merseyside attitudes to be found in many company beardrooms? Or are the negative factors

on Merseyside so overpowering that Brussels is quite irrelevant for most companies who at the moment steer a wide berth of many of Britain's older cities? "It was a terrible blow. I thought, 'Oh God, it's undoing a lot of the good we have done,' " says Mr Basil Bean, chief executive of the Merseyside Development Corporati set up by the Government after 1981 Toxteth disturbances and running a yearly £27m budget to help regenerate the

city.
Whatever the validity of that interpretation, it reflects a nervousness among Liverpool's prominent figures precisely because some of them believed that they detected a glimmer in

During the past year a clutch of development schemes bas





The attractive new face of Liverpool (left), but perhaps this dilapidated site in Everton is more typical

bestowed an attractive waterfront park. The Tate of the north is due to be opened next year. The pretty Cavern Walks shopping centre, the second phase of the maritime museum and Beatles City all helped to bring in more tourist business than ever before.

The Wavertree technology park alongside Plessey's tele-communications site in Liverpool was opened last year, too, and the old exchange station is under commercial office development. Three-quarters of the units in the new enterprise workshops at the South Brunswick dock are full. Despite the unedifying scenes in Liverpool's town hall and the deep-seated management control problems in municipal services, many more pockets of new housing development have taken root, including 3,600 new council house starts in two years.

It has not just been cosmetic. Merseyside's much battered labour relations image is changing for the better. Nabisco at Aintree entered a two-year wage deat with its workforce. AC Sparkplugs at Kirkby and the Mersey Docks and Harbour Company both moved into their second two-year deal.

ment decisions by companies like Bibby and Ford pumped new adrenalin into Liverpool's promoters and helped persuade more than 300 company chairmen to take a look at the city last year.

"We think confidence was being restored. I hope this is only a temporary hiccup," says Mr Bean.

who is anti-Liverpool on the board of a company," says Mr Jack Stopforth, chief economic adviser in Mercedo, Merseyside County Council's economic development arm. "Brussels could reinforce this antithesis. I hope it doesn't and I have to be careful not to be paramoid."
The reporters and cameramen from 23 countries who descended on Liverpool in the wake of Brussels were certainly in a mood to dissect it piteously. "Show us where the poor area is. Show us the streets where the murderers live. Those are the kind of questions we had to deal with." says the head of Merseyside police's press relations team.

Some of the business community believe Heysel will have no impact because business is business. "There's still a great The number of registered business. There's still a great dockers in the Mersey system tumbled recently to 1,950 (from no effect on economic developeither started or come to 10.500 only 13 years ago), a ment." says Mr Keith Robinson, fruition. The leisure and living more realistic manning level, community around the restored Albert Dock is taking shape. The garden festival has dock company notched up a series of economic develops as Bullish as the CBI would have it," says Mr Robinson. Here and Industry's director. "It won't affect business relationships," agrees Mr Norman in any economically meaningful

tables and bowling green bowls for storage, boasts only one which has traded in the city manufacturer and one ware-Ominously for Merseyside.

however, many union officials, but for a different reason. "Industrial development goes

to where the profit is. Judgments are made on a straightforward profits basis," says Mr Tony Byrne, chairman of Liverpool's finance committee and bete noir of the business community. In this view, new capitalist

money will descend on London's docklands but wants little truck with Liverpool, whose economic future remains stubbornly bleak. The evidence cited looks persuasive. No significant outside invest-

ment has found its way into Liverpool for the past halfdecade. In the latest national British Chamber of Commerce quarterly survey, Merseyside is the only region registering fall-ing domestic orders and an overwhelming profile of net labour shedding. It also has the gloomiest industrial investment intentions and the weakest measurement of business confidence. "The position is not as Bullish as the CBI would

£1.9m operating profit last year. Clare, managing director of a way. The 600-acre six-month-old These changes and reinvest- small manufacturer of billiard Freeport, used by 100 companies housing unit, bringing just 50 jobs. However, another manufacturer might soon be moving in. The Wavertree technology some politicians and lessiness in. The Wavertree technology leaders say that Heysel will park remains largely a collection of advance factories, As a generator of economic

life, the MDC's role has yet to be proved. "They have done easy bit. The real challenge what I've been struggling with. Trying to generate new life and economic health into this place," says Mr Stopforth. wish them well."

While some see that as overhysterical outpourings of the world's Press is probably little more than a pinprick given the persistence of Liverpool's three chronic and deep-lying weak-

• Its industrial structure, as with so many areas of the North West Midlands and South Wales, is hopelessly lop-sided and frail. The problem does not lie with the docks whose decline has been over decades, leaving perhaps seven of them in regular use, as against 34 in the 1960s, But the reorientation of trade towards the East Coast ports and the impact of containerisation and panies shedding 6,000 workers says Mr Stopforth. "is that in the past six years. During really it's ordinary."

the same period some 12,000 jobs have been lost in more than 30 food, drink and tobacco plants, 18 of them closing for good. Among the total of 45,000 announced redundancies in Greater Liverpool since 19 13 of the announcements each involved more than 1,000

Traditional business mores or the lack of them are a worrying drag on long-term prospects. "They haven't a great tradition of self-employ-ment here," says Mr Sam Stevenson, Scottish manager of Business in Liverpool, a small business in Liverpoor, a small business help agency operating from Liverpool's smart inno-vation centre. I don't know what's happened to all this redundancy money but it hasn't come across my desk." Liverpool's chronic social

problems continue to fester. In the admittedly out-of-date EEC regions of Europe survey published last year, Merseyside ran up a rating of 44 in an index based on employment, unemployment and GDP against European average of 100. The index slotted in Merseyside just above Sardinia and below Sicily. A quarter of Liverpool's 212.000 private and council owned housing stock is judged to be severely substandard.

Some of these problems are visible in many other cities whether it's the rapid erosion of traditional employment in Birmingham or South Tyneside or the physical decay of North-West London or Bradford.

But the intensity of Liverpool's plight and its peculiar pessimistic, the damage, real or mixture of defensiveness and imagined, done by the more aggression sometimes fuse into a kind of business paranoia. It also creates a lot of closet

socialists. We know there is nowhere for these people to bike to get a job," says one businessman. "The Government has to see we need more training and retraining." But life for most people perhaps table path. In the blazing sunshine this week, families walked, arm in arm, along the Mersey promenade, boys in racing overalls and oversize helmets pedalled their BMXs in the streets of Toxteth and teenagers leisurely practised their football skills in Everton bigger vessels have led to 30 Valley. "The extraordinary transport and shipping com- story coming out of Liverpool."

Lombard

A proposal for Northern Ireland

By Margaret van Hattem

IT NO LONGER looks beyond possibility that the Irish and British governments may reach agreement on Northern Ireland this autumn. The gaps—particularly regarding control and scrutiny of the security forces—may still be wide. But negotiators on both sides of the Irish Sea are beginning to say the odds have swung in favour of a deal.

However, such a deal would However, such a deal would, by definition, have to carry the endorsement of the northern nationalist minority — Dublin could not agree to less. It would therefore, again virtually by definition, be repulsive to the unionist majority.

Are we to believe that the British Government is finally preparing to stand up to the threat of lovalist violence, which has underwritten the way the province has been administered for the past 12 years? There is little sign of it—and in any case, is that what we really want?

Foreing an unwanted deal on the majority of the province would be most un-British—and bad politics to boot. Here, therefore, is a modest proposal for getting around the problem.

It starts from the premise that, whether or not the minority community is relatively content, unless the majority feel they have the upper hand, and are sufficiently in control to ward off all perceived threats from the south. The first step would be to set

in a power-sharing executive, to which power would be devolved from Westminster. Since the unionist leaders would most probably wish to boycott it, it might initially have to be made unboycottable, along the lines first mooted—and later, unfortunately, abandoned-by Jim Prior. The Northern Ireland Secretary—perhaps in consultation with a Dublin counterpart —would appoint members from both communities; if these refused to serve, others would be appointed until a full com-plement were found. Elections could later be introduced.

The second step would be a British announcement of a phased withdrawal of both troops and public subsidies. The withdrawal of troops could be set for a medium term, say three to five years; the with-drawal of subsidies for a much longer term, say 30 years, with the aim of making the province self-supporting at the end of

Neither of these withdrawals would be irreversible. But, and this is the important bit, any initiative to halt or reverse the process would have to be taken by the power-sharing executive, supported by a majority of members on both sides. Moreover, any proposal to bring back troops would require that half the incoming troops should be from the republic, the other half from Britain.

The British presence in Northern Ireland since the introduction of direct rule may have been well-intentioned, even honourable—but it has been a disaster insofar as it has sheltered the leaders of both communities in Ulster from the need to accept responsibility for their own affairs, and hence, to negotiate with each other.

The advantage of the above proposal is that it would leave Ulster politicians with the power and the responsibility. They could no longer afford to sit back and veto everything—the results would be on their count backs. Such an arrangement could

not work without a rock-solid agreement between London and the heads of the Ulster execu-tive, or in contravention of the rules of acceptability to a majority of both sides represen-

That agreement would have to endure through whatever the paramilitaries on both sides in the north resorted to, in the probably inevitable attempt to bring it down.

The proposal requires London and Dublin to start treating the people of the north as adults. Who is to say that the people of Ulster would not meet the challenge?

Unreliable

data

From Mr J. G. Morrell Sir,—With reference to Max Wikinson's analysis of fore-costs for 1984 (July 3) the main problem in making compari-sons is the growing unrelia-bility of the national income

accounts.

The annual revisions to the estimates, going back several years, are of quite starming proportions and it appears we know less and less about more and more. Recent examples of the problem are the "black hole" in the company sector's flow of funds, with an "errors and omissions" item of flobn and a similar (though smaller)

tor.
This makes it extremely diffi-cult to say what numbers to rompare forecasts with. For example, consumers spending is shown to have increased by only 1½ per cent in real terms in 1984, whereas retail sales are estimated to have risen more than twice as fast. The likelihood is that when the full national income accounts are published in September the consumers' spending estimate for 1984 will be revised upwards — and again in the Sepwards — and again in the Sep-tember 1986 estimates.

The only items where com-parisons can be made with certainty are exchange rates and prices. For the moment, a forecaster getting a good score on Mr Wilkinson's comparisons for 1984 may well get a lower figure against revised national accounts in a few years time

and vice versa.

Far more research work needs to be done into national accounts estimation, and more resources, rather than less, need to be devoted to trying to proceed to be trying to the truth Bad data uncover the truth. Bad data may well result in bad deci-sions in the national as well as James Morrell
1 Paternoster Row,
EC4.

A significant distortion ...

R. L. Stone 158 Station Road Finchica, N3

From Dr R. L. Stone Sir.-Your fascinating article on the perfermance of the economic forecasters in 1984 contains numerous disclaimers.
But you fail to mention one
significant distortion. Your
scores are based on percentage
errors in predicting percentage. changes. If I predict an increase of 3 per cent from 100 to 103; and if the out-turn is 4 per cent higher at 104, then you would mark me as being 30 per cent out. I could legitimately describe myself as being less than 1 per cent out.

Letters to the Editor

EEC sugar export subsidies

From Assuc (the EEC sugar traders association)

Sir. - According to Ivo Sir, — According to Ivo
Dawnay in Brussels (Commodities Page, July 4), this association is reported to have telexed
the EEC Commission to say it
would be making bids to meet
commitments even though these
might involve loss-making deals.
We did indeed send a telex
to the Commission following its
statement the week before

statement the week before regarding export restitutions for sugar, but not quite in those Briefly, what we said was to protest strongly at what we

regard as a change of rules in the middle of the game, and to emphasise that many traders have made commitments to producers to purchase sugar for export and/or to customers overseas for the sale of EEC sugar in the normal course of international business.

We also pointed out that this course of action would, in the long term, cause traders and customers to turn to other sources of white sugar, making it more difficult and more costly to dispose of EEC sugar in the world market.

We said that if some traders submitted bids for restitution at or lower than the Commission's declared maximum, it would not in any way signify agreement or compliance with the Commis-sion's new policy, but simply enable them to honour their obligations even if these resulted in substantial trading losses to themselves. D. A. G. Belben. President, Assuc.

Nellist 'technique'

attacked From Mr M. V. Slarin

From Mr M. V. Slarin

Sir.—Mr. Nellist's odd letter
(July 3) is notable more for its
form then its content. He
demonstrates the "smear technique" in almost classical form:
first, you yourself assert certain
values of an organisation (in
this case ICI); second, you
associate an individual (Sir
John Harvey-Jones) with that
organisation; then you associate
that individual with another organisation, the John another organisation (the SDP); and finally you attack this second organisation on the basis of

finally you attack this second organisation on the basis of your original assertions.

None of this would matter, of course (except for its unfortunate effect on support for the just cause of South Africa's labeled by his suggestion that: The thought that the close of the current season is occupied with this rubbish and La Donna Del Lago is Salisbury, Wittshire.

black workers) were it not published on the same day as Mr Kinnock's dismissal of the Scargill "delusions." Mr Nellist represents a minority of Labour represents a minority of Labour MPs, but if Labour does well at the next election, many of the new, unknown MPs will be like him. They make it clear that they do not want Mr Kinnock as their leader. Mr Kinnock will need the unions to sustain him in power, Will he be so dismissive of Mr Scargill's demands then?

Michael Slavin. 30, Greenholm Road, SE9.

The free market and conveyancing

From Professor J. T. Farrand Sir,-My attention has only just been drawn to your suggestion (June 7) that I had publicly attacked the Lord Chancellor's arguments against conveyancing by banks and building societies. This sug-gestion is not well-founded. What I actually did was point out certain apparent illogicalities in the Law Society's stance against such conveyancing. This should not be taken as support for the banks and building societies.

My position is that I have yet to be persuaded that the lend-ing power of those institutions would not lead to a de facto monopoly which might prove contrary to the interests of consumers. (Dr) J. T. Farrand, 69 Trinity Court, Grays Inn Road, WC1.

In defence of

'Ariadne' From the manager, Garrick Theatre

Sir.—Max Loppert's review of "Ariadne auf Naxos" (July 5) was quite extraordinary. To suggest that this production was unmusical and unverbal was ridiculous. Rarely have 1 heard the Count Gorden preparts. the Covent Garden orchestra play with such feeling for Strauss's magical score, and as for the words I certainly heard the vast majority of the text elearly enunciated by a cast which was as fine as the original one earlier in the run.

Lucky Covent Garden to have two such fine Ariadnes on view

almost too grim to bear." The only thing which is too grim to bear is Mr Loppert's insensitive, ill-thought, and ill-mannered review. To paraphrase, it is a "hand-written nonentity." John Aitken. Charing Cross Road, WC2.

Timber vote of

confidence From Mr W. L. Kent

Sir,-The figures given in the first and last paragraphs of your report (July 3) on the Phoenix Timber EGM appear to be at variance but the signi

to be at variance but the significance of both sets is the same, namely that the dissidents — who held 30 per cent of the votes — received little support from the rest of the shareholders who polled strongly in support of the board.

The strength of the opposition to the dissidents is reflected in the high poll. It seems quite extraordinary that such large numbers of small shareholders should take the trouble to vote that the percentage of votes cast was 89.8 per cent.

W. L. Kent. 8 Dudiou Green Road, Appleton, Warrington,

The key factor -marketing rom Mr L. G. L. Unstead-Joss

Sir,—Through all the references to the plight of the microcomputer manufacturers, no ably Acorn and Sinclair Re-search, one aspect of their business has too rarely been mentioned: that of marketing. Marketing, at its best, car ensure that stocks are available to meet projected demand; more importantly still, it can ensure that what is technically ensure that what is technically possible to manufacture is not regarded — in a rapidly changing market — as the product most likely to make profits.

The customers' needs and wishes must be consulted often enough to ensure the survival, let along the progressive of the

let alone the prosperity, of the business. It is here that prob-lems began — in marketing. L. G. L. Unstead-Joss. 4 Liberton Gardens, Edinburgh

Provincial brokers show the way

From Mr C. E. Rogers
Sir,—Amid all the ballyboo
surrounding a certain wellknown broker's decision to deal
for smaller clients at Stock Exchange minimum commissions and give a dealer-cyly service. I would like to point out that provincial brokers have been doing this for years with none



Walter Arnold was fined for speeding through Paddock Wood, in the county of Kent, after a five mile police chase. Mr. Arnold was driving at 8mph, the constable was riding a bicycle and the year was 1896.

Mobil could sympathise with Mr. Arnold. After all, we were lubricating motor cars when it was still the law to have a little man with a red flag walk in front. These days, it's being first past chequered flags that excites our interest. That's why we supply a number of very successful racing teams with an engine oil called Mobil 1 Rally Formula. It's the most advanced engine oil in the world.

It's also available to the general public. But don't tell everyone.

We'd rather any speeding were restricted to racing circuits.

Mobil

ventilation...look for the name on the product.

FINANCIAL TIMES

Tuesday July 9 1985

Consafe

expects

heavy

losses

(\$35m-\$46m) this year.

its long-term debt.

By Kevin Done in Stockholm

CONSAFE of Sweden, the world's

eading operator of offshore accom-

modation and service platforms for the oil and gas industry, has run in-

to severe financial difficulties. It ex-

pects to lose SKr 300m to SKr 400m

Consafe said yesterday its liquidi-

ty had "worsened substantially

during the first half of 1985 and the

position was expected to deteriorate

further during the rest of the year. Trading in its shares was halted on

After a marathon board meeting

on Friday, the company has been

forced to call a series of meetings

with its main creditors in an at-

tempt to arrange a restructuring of

key role to play in any debt restruc

turing.

Consafe said that with the "avail

able alternative courses of action" it

No member of the Consafe man-

clearly counting on significant help

If such help is forthcoming, Con-

safe said it would seek an injection

of new equity capital from existing

shareholders, which would be un-

derwritten by unspecified "outside

Consafe, which owns wholly or in

from its creditors.

the Stockholm Stock Exchange.



RISE IN STERLING AND RAW MATERIAL DATA PROMPT CALL FOR RATE CUTS

Hopes for lower British inflation

BY PHILIP STEPHENS IN LONDON

of a fall in UK inflation later this the money supply in June.

year received a boost yesterday The Department of Trade and Inwith news that manufacturers' fuel and raw material costs are now rising more slowly than at any time since early 1981.

Much of the improvement reflects sterling's recent surge on foreign exchange markets. Yesterday, a sharp weakening in the value of the dollar once again helped the pound to shrug off concern over oil prices. Sterling rose above DM 4 for the first time in nearly two years.

The brighter inflation outlook and the continuing flow of overseas funds into the pound is likely to reinforce demands from industrial-ists for an early cut in British inter-

The Treasury, however, has made clear that there is no scope for a sizeable reduction and the potential for even a small cut may depend on market reaction to figures, dustry said that its index of manu-

facturers' input prices fell by 1.1 per cent in June, pushing the annual rate of increase down to 2.2 per cent from 3.2 per cent the previous

The actual fall in costs in June was to a large extent a reflection of lower world commodity prices - for both oil and non-oil products - but sterling's recovery since March has

There have also been much smaller increases in manufacturers' factory gate prices. In June these rose by only 0.1 per cent, leaving their annual growth rate un regarded as an important psycho-changed at 5.6 per cent, compared logical barrier at DM 3.00 to close in til the next Opec meeting

THE BRITISH Government's hopes due later today, for the growth of to over 7 per cent at the start of the London at DM 2.9800, down 2.6

price inflation should start feeding through into retail prices after a lag of three or four months, but the extent of the impact is likely to depend on the growth of unit wage borrowing costs.

The pound's strong performance yesterday, both against a weaken-ing dollar and against European currencies, came despite the inconclusive outcome to the weekend's

growth rate.

In January, input prices were rising by an annual 9 per cent, but since the pound appreciated by nearly 30 per cent against the dollar.

After dipping initially, sterling closed in London at \$1.2450, 1.75 cents higher than on Friday. Against the D-Mark it rose 1.5 pfennigs to DM 4.0050, while the dollar. ling index was 0.2 points higher at 82.2.

The dollar, which has been un dermined by fears of slower U.S. growth, fell below what had been

pfennigs on the day.
On the London money markets, UK interest rates eased slightly amid speculation that if the pound continues to rise, the authorities

Today's money supply figures are widely expected to show further strong growth in sterling M3, the most closely watched aggregrate, but may be distorted by last month's flotation of Abbey Life.

The Treasury has also been play-ing down the significance of ster-ling M3 in interest rate policy, placing greater emphasis on the exchange rate and the narrower money supply measure, MO.

Tempering the optimism, however, was the expectation that fig-ures due on Friday are likely to show retail prices still rising by an in the oil market is likely to last un-

They eat everything in sight,"

scorched earth after they depart.

part a fleet of 18 offshore units, mainly accommodation and service platforms as well as drilling rigs and diving support vessels, said the offshore market had developed

> New contracts signed recently at viable rates would not come into on eration until the second half of

The group was launched on the Swedish stock market at the end of 1983. From an issue price of SKr 340, the shares climbed to a peak of SKr 510 early last year. As the comever, its share price slumped and Consafe shares were trading at the end of last week at about SKr 123. • Another leading oil services group, Global Marine of the U.S., which owns one of the world's largest offshore drilling fleets, gave a warning last week that it was on the verge of defaulting on more than \$1bn in long-term debt be-cause of the slump in the industry.

Tenneco to axe 700 IH jobs in France

By Paul Betts in Paris

THE restructuring of International Harvester's French operations is expected to involve the loss of about 700 jobs and the closure of the group's combine harvester plant in

Details of the restructuring of Harvester's French business, which was recently taken over by J.L. Case, the farm machinery subsidiary of Tenneco, the U.S. energy

Of the three International Har-

sembly plant at St-Dizier.
Including job cuts at Harvester's Paris headquarters, the group's em-ployment in France is expected to be reduced to about 2,400 people

The French Government has agreed to provide financial support for the restructuring with FFr 130m ings in 1983-84 were hit by a \$78.8m (\$14.3m) in soft loans and FFr 40m in subsidies. Case-Tenneco is also planning investments in France with spending concentrated at St-Dizier, which currently employs about 1,750 people. That plant is

THE LEX COLUMN

Exco makes for the exit

Exco finds it hard to make friends in the stock market. Its share price has been held back over the past two years by the pedestri an performance of Telerate equity in New York and by the perception that Telerate's rapid growth will stretch its parent's balance sheet. Yesterday Exco cashed in its chins. walking out with \$425m after a tip to the taxman, and its shares fell 7p to 200p. Having worried for years about Exco's high gearing, the market is now apprehensive about how the group will spend all its money. Exco has almost become a victim of its own entrepreneurial success. of the group's portfolio looking drabber than it would otherwise and has attracted to the financial

information business companies sporting technological and financial resources with which Exco cannot hope to compete. The competitive ressures are already making hemselves felt on Telerate's mar gins and Exco can hardly be blamed for deciding that discretion is the etter part of valour. Taking on TBM and Merrill Lynch at their own game is not much fun.

The disposal will leave Exco with

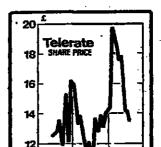
net cash resources, including its existing liquid assets, of around £360m. Even by reference to the ex-At the end of 1984, Consafe had ong-term liabilities of around SKr travagant earnings multiples cur-2.6bn, but much of that is guaranrently being paid for businesses in teed by the state, which will have a the City of London, that is a handsome fighting fund. But it is most unlikely that Exco will pitch whole-heartedly into the London fray. It has never entertained grand stratedid not expect its liquidity position to become "acute" during the course gic designs and over the past year has deliberately kept out of the acquisition game in London, Internal agement was available for cominvestment and small, piecemeal ment yesterday, but the group is purchases are much more its style.

> has made to date would scarcely make any impact on a cash pile of such magnitude. And, so long as the money is simply clocking up interest, Exco itself must be vulnerable to a takeover. Stripping out the cash, the group is valued at only around £170m, which represents a multiple of about eight times this year's operating earnings. For a company with highly valued paper,

Yet deals of the kind which Exco

raising cash and buying into financial services at the same time. So Exco must be feeling under some pressure to make a substan-

Exco would be an attractive way of



Euro-financing

companies using novel funding methods is rather startling. Only

last week, Blue Circle launched a

\$150m note issuance facility, Brit-

ish Leyland a £100m acceptance fa-

cility, Pergamon Press a £80m syndicated loan with a U.S. dollar op-

conservatism in the face of chean money. But those companies which have tapped the market recently probably have their timing just right. A side-effect of the Bank of England tightening up on capital adequacy ratios for these contin-gent liabilities is that commitment ees have started to rise - almost to the point where it is hardly worth companies refinancing their existing standby credits.

bid rate, it is hardly surprising that

Siemens

& Commonwealth Shipping which, by coincidence or not, has just tid-ied up its minority holdings and it-self owns a sizeable chunk of both Siemens may have underper-formed a lively German stock market since announcing its 1983-84 results, but it has kept the loyalty of Exco and Telerate. The two compadomestic investors in a manner that nies are already linked through UK electronics companies can only Gartmore and B & C would give Exenvy - and despite being in all the co proper access to a banking busiwrong things such as semiconduc-tor manufacture and public telecness. Ships and helicopters may not be quite Exco's line of business but ommunications. the group would almost certainly rather buy helicopters on a p/e of What has excited foreign buying five than stockbrokers on a multi-

interest are two important changes of tack. Having reached the tax-effi-cient limit in pushing its cash sur-plus into additions to provisions and pension funding, Siemens has been obliged to distribute: an in-Maybe it is just keeping up with crease in dividend this year from the Joneses, but the rush of UK DM 10 to DM-12 was assumed in the price even before the board's forecast of a rise in net income of 20

per cent or so. -Equally, Siemens will be investing this year across the spread of its businesses at a rate which is high by any standard - except, perhaps, tion and Hepworth's consumer finance subsidiary a £250m acceptance facility. Meanwhile NatWest
and BP popped into the Swiss

Franc bond market.

We are by any standard — except, perhaps,
in comparison with its own cash
mountain. Those Eurosceptics who
doubt whether Siemens will be first
with its 1-megabit or 4-megabit
memories accept that Siemens will Just a few years ago, UK corpo- need the chips anyway - and at rate treasurers, with only the odd least Philips is sharing the cost. Inexception, would hardly have deed for all the DM 4bn and more looked beyond their local banker to this year to be diverted from the lend them money. In the first six bond market, Siemens has not lost months of this year, however, they its habitual caution. Having refused raised \$1.84bn through Euronote fato enter an auction for a U.S. factocilities - and that does not include ry automation business, it is scarce acceptances. British companies are ly rushing into providing switching now the third most active borrow- in the U.S. when the Bundespost reers in that market after the Ameri- mains such a profitable customer.

Credit should be taken on both to the German market as ever, with sides for this adventurousness. all divisions running profitably While investment bankers have even if office automation, for examattempt a hostile takeover - at least ers have become more prepared to boom that cannot be repeated. At it never has in the past - and may therefore cast around among its cirthe first tranche of its \$400m facili65-70, Siemens trades at under nine cle of friends. This includes British ty at an average rate of six basis times prospective earnings.

Inmos to cut quarter of UK and U.S. jobs

By Guy de Jonquieres

INMOS, the microchip manufacturtroubled Thorn EMI, expects to cut its total staff of about 2,000 in Brit-ain and the U.S. by about a quarter in the next three months.

Mr Harold Mourgue, Inmos's chairman, said yesterday that he hoped the initial cuts could be limited to 400-500 staff. But he said that up to half the jobs at Inmos might be affected eventually, aithough "that would be at the extreme of our thinking at the mo-

The cuts, on which final decision will be taken in the next two weeks, are intended to reduce Inmos's annual costs by £20m (\$26.8m) and help it to return to break even by the end of this year after plunging deeply into loss in the past six

Future staff levels would depend on the commercial success of new products. Those include a new family of static memory chips, introduction of which had been delayed by technical problems since the start of this year, and the transputer, a

computer on a single chip.

Mr Mourgue said the planned job cuts would affect all areas of Inmos's operations. They would be spread fairly evenly between the company's U.S. and British operations, each of which today employs

about 1,000 people.

Thorn EMI has already made a £21m extraordinary charge in its accounts for the year ended March 31, which were published last Friday, to cover the costs of Inmos's aned withdrawal from production of dynamic memory chips, where price cutting has been particularly fierce.

Mr Mourgue did not expect the planned job reductions to require any further provisions in this year's

About 20 Inmos executives in Britain and the U.S. have left the company since Sir Graham Wilkins took over from Mr Peter Laister as chairman and chief executive of Thorn EMI a week ago. Dr Richard Petritz, Inmos deputy chairman, and Mr John Heightley, chief operating officer, have also been removed from their posts.

sponse to a severe decline in the semiconductor market. It is estimated that the microelectronics in-14,000 staff, a fifth of its total workforce, in the past six months.

Earlier this year, Inmos laid off

Inmos said yesterday that its new high-speed static memory chips were being shipped to customers in significant quantities. The company the previous generation of static memories had been solved.

The previous generation of static memories had been solved.

The previous generation of static memories had been solved.

The previous generation of static memories had been solved. said that production difficulties that

Emergency aid 'running out' as grasshoppers plague U.S. farms | Its leading creditors include some British and Norwegian banks as well as several Swedish banks led by Scandinaviska Enskilda Banken, Sweden's biggest commercial bank. Mr Bo Ramfors, a managing director of S-E Banken, is also a member of the Consafe board.

BY NANCY DUNNE IN WASHINGTON

THE first plague was high interest. Government provides all of the are concentrated to the square rates. Next came soaring surpluses, funds for federal lands, half for yard. rates. Next came soaring surpluses, weak demand and the strong dollar. The latest scourge for U.S. and Canadian farmers is grasshoppers -millions of them, fattening themselves on already drought-stressed

crops.

For a month, since Mr John Block, the U.S. Agriculture Secretary, declared an emergency, feder-al officials have been fighting the menace to cropland and open range. Aircraft have sprayed malathion on more than 8m acres in 12 states, but the manufacturers of the insecticide have been unable to produce enough to keep up with demand. Even if it were available, officials say they are running out of

By declaring an emergency, Mr Block made \$25m available for the

state land and a third for privately-

owned fields. The financing must be divided by 12 states and it simply will not be enough, said a U.S. De-partment of Agriculture (USDA) of-ficial on the scene. So far, Idaho and Utah are the

hardest hit of the infested states. Canada's Alberta and Saskatchewan provinces are also suffering sehot, dry weather conditions in the

West have upset a delicate balance in which naturally occurring diseases keep grasshopper numbers fairly stable. The insects thrive in this weather and they are reproducing faster than natural diseases can in-

A severe infestation officially

said one department official. It's For some farmers it's a life-or-death

Aerial spraying, which has covered as much as 200,000 acres a day, has now slowed drastically.
On the land already sprayed dead hoppers lie in profusion, but officials are worried that they will be unable to kill enough of the adult insects by the middle of this month. when egg laying starts in earnest.
The adult hoppers are harder to kill, they say, because they will not feed as readily as the nymphs on malathion. The problems may be even worse next year, when this

crop's offspring appear. California water melon crop

Montedison ties another knot

Continued from Page 1

company (BI-Invest) which holds a able things at Montedison, essenstake in itself.

The most curious part of the Montedison deal is that it is history repeating itself. Formed in 1962 from the merger of Montecatini, the from other sectors. chemical company, and Edison, the electric utility, Montedison was in 1968 itself the victim of a successful

L112bn was none other than BI-

stock exchange raid. The raider its holdings and the company has was Sig Eugenio Cefis, who bought thus been effectively privatised. Sig control on behalf of ENI, the state Schimberni therefore comes close energy group. Under Sig Cefis, Montedison was taken into insurance and banking public company who is not himself and in the 1970s was probably the its controlling owner.

Whatever lies behind the latest

1977 Sig Cefis was outmanoeuvred.

Sig Schimberni has done remark-

Continued from Page 1

pared with government forecasts of 1.5 per cent and with lower esti-

mates of around 0.9 per cent by pri-

Unemployment is expected to re-main at around the same rate of

10.3 per cent as last year. This

stable rate reflects the Govern-ment's programme to help to ease

the problems of youth unemploy-

ment by introducing a variety of

vate French economic institutes.

tially by concentrating on the core chemicals business and in doing so. implicitly pledging to avoid the il-logical accumulation of companies

No single interest controls Montedison. A consortium of state banks has recently sold off most of to being that rare thing in Italian business, the chief executive of a

lan, by general consensus a chemicals company which was manipulated for political motives. The chemicals business piled up losses and in now that Montedison is getting back to health, it is at the same One of the first things that time getting back control of many Montedison did as part of its slim-ming down process was to sell its insurance interests. The buyer for result of a share raid which has driven a coach and horses through

uct (GDP) growth in France this year at a little over 1 per cent, compared with government forecasts of unemployment, which will inevi-

tably rise again if economic growth does not pick up in the next 12 to 18

The report also says that the French balance of trade continues

to remain a major worry at a time

when growth in industrialised coun-

tries is flattening, French competi-tiveness is declining and export

sales of French agricultural and

EEC transport plan proposed

deal remains mysterious. It is un-derstood that Mediobanca (which aside from its stake in Gemina also had a stake in Montedison), sold its Montedison shares to the mysterious consortium which ambushed BI-Invest on the Milan bourse and then sold the packet to Montedison. There are even rumours that the Agnelli family might buy the Gemina stake held through BI-Invest from its new owner - Montedison.

An important meeting of Gemina shareholders is expected to address this issue in Milan today.

to settle on this transaction is that the men who control major Italian industrial groups rarely see them-selves simply as industrialists. In a country of many competing centres of influence, the big industrial concerns represent a conglomeration of power that can be expanded as widely as possible, even into areas which may have little or nothing to do with any single company's indus-

this year could be roughly similar to last year's deficit of FFr 19.8bn

(\$2.16bn). The balance of payments

current account should also be near

to break-even this year, as in 1984, Although industrial investment

has recovered in France, all other

sectors of economic activity have

Industry is expected to increase

seen a fall in investments

conglomerate, are due to be an-nounced to the French trade unions at the end of this week.

vester plants in France, the com-bine plant in Angers is likely to be shut this summer with the loss of about 166 jobs. Another 285 jobs will be cut at Harvester's cab building factory at Croix in northern France, which currently employs 725 people. A further 183 jobs will be cut at its transmission and as-

from 3,100 people at present, ac-cording to French labour sources.

In five months institutions have invested \$150,000,000 with us.

cans and the Australians.

And we've achieved superior yields for them.

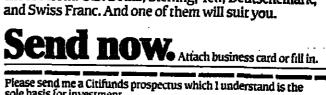
In five months the Citifunds U.S. Dollar Fund has become one of the largest offshore U.S. Dollar

Why? Because of superior yields. Citifunds has achieved yields which provide a significant uplift over short term interest rates.

From January to May 1985 the Dollar Fund, which has two day liquidity, provided a yield of 8.54% p.a. That is more than 0.5% p.a. better than the London call rate available during the same period to large investors. Citifunds even outperformed the one month London Interbank Deposit rate of 8.42% p.a.

And Citifunds does not sacrifice safety: Citifunds invests only in top quality money market instruments. Citifunds is advised by Citibank N.A. which

manages over \$35 billion in discretionary assets. There are five Citifunds money market funds to choose from: U.S. Dollar, Sterling, Yen, Deutschemark,



The Manager, Citifunds, P.O. Box 349, Green Street, St. Helier, Jersey, Channel Islands. Telephone: Jersey (0534) 70334.



Call to liquidate Petro-Lewis SHAREHOLDERS in Petro-Lewis, the last two years and manage

food products are slowing.

However, the lower level of the dollar against the French currency its investment by 8 per cent in volume terms this year compared with a 9.2 per cent rise in 1984

the Denver-based marketer of U.S.oil and gas partnerships, are to consider a proposal that it be liquidated, writes Chris Cameron-Jones in New York.

Jakobson Kass Partners, a New York investment group holding 10.2 ble plan to acquire control per cent of Petro-Lewis, disclosed in a Securities and Exchange Commission filing that it intended to proits of \$32.8m the year before. The
pose liquidation to the Petro-Lewis
group had been hit by the slumn in annual meeting later this year. Petro-Lewis had no immediate reaction to the move. Jakobson Kass, which acquired a

stake at the beginning of this year,

now says it believes the liquidation

ment's continued failure to propose a coherent plan to restore profita-The partnership's representa tives had preliminary discussions with third parties regarding a possi-

Petro-Lewis lost \$33.4m in the year to June 1984 against net profgroup had been hit by the slump in the U.S. oil and gas business. Earn-

write-off on non-recurring items.

Earlier this year Petro-Lewis formed American Royalty Trust to hold a net overriding royalty and a of Petro-Lewis would be in the best production payment, equivalent to interest of shareholders because of net profit interests, in its 45 public the company's substantial "losses in limited partnerships.

SECTION II – COMPANIES AND MARKETS **FINANCIAL TIMES**

Tuesday July 9 1985



Getting switched on to the information bonanza

YESTERDAY's announcement of the purchase by Dow Jones and Ok-lahoma Publishing of Exco Interna-tional's stake in Telerate has a sig-nificance which goes well beyond the immediate prosperts for the business information service.
It will strengthen Dow Jones

tion market through the publishing group's Dow Jones news retrieval service – a market and financial new service sold to personal com-

At the same time the transaction represents a further diversification for the closely owned Oklahoma Publishing, a newspaper group which publishes the Daily Oklahoman and also owns, through a subsidiary, television stations in Hous-ton, Seattle, Dallas-Fort Worth, Tampa, Cleveland, Milwaukee and New Orleans, together with several radio stations.

The deal also marks the latest in a string of recent startling develop-ments in the fast changing U.S. computerised financial information industry – developmenta which are bringing together telecommunications, computer, securities trading and publishing groups. Less than three weeks ago Amer-

ican Telephone and Telegraph (AT&T), the telecommunications giant, and Quotron, the leading U.S. supplier of centralised market electronic information, announced plans to jointly develop and sell a sophisticated computer-based information system aimed at Wall Street

ATAT'S move followed similar

ventures by others including International Business Machines (IBM) and Merrill Lynch, the Wall Street securities firm which last year to-less than \$4m in 1980 to \$28.6m last gether set up a rival electronic in-year, ranking the company as one formation service called Interna-

tional Marketnet. According to some estimates the U.S. market alone for stock and other market price information delivered by "dumb" electronic terminals reached almost \$500m last

The entry of such heavyweights as AT&T, IBM and now Dow Jones covered, almost all new revenues appears to signal the conviction sink straight to the bottom line. that the market for such information will continue to expand rapidly. Telerate's "page five" - an elec-tronic summary of U.S. bond and money market prices and rates up-dated every few minutes - has come to symbolise the electronic market information service's power on Wall Street.

have increased more than six-fold tives. to \$114m in the fiscal year ended last September. In 1984, Telerate's king subsidiaries Astley & Pearce number of contributors – financial and Godsell, partnered Guinness institutions that help supply the information to fill the electronic surance group, and British & Compages – grew from 300 to over 400, monwealth Shipping, a holding and the company's "terminal base" group with financial, shipping and of subscribers, who pay an average aviation interests (B & C also has a

vice, grew to over 14,000 worldwide from 11,000 a year earlier.

Profits have also soared, from ed companies in the U.S. This earnings growth has been fuelled by Telerate's rapidly expanding cus-tomer base, coupled with relatively stable costs borne out of its early investment in a sophisticated compu-Equally important, Telerate has little competition in the booming price information - a position

strengthened by its 25-year contract

with Cantor, Fitzgerald Securities Charles Batchelor adds from London: Exco International, one of the largest UK money broking For hundreds of market watchers groups, has had a short but profiin Wall Street, security firms trad-table relationship with Telerate. It ing rooms, banks and financial first acquired a 36 per cent stake in panies across the nation, "page Telerate in October 1981 when a five" is compulsive viewing - a fact group of British financial institu-that helps explain Telerate's phe-tions paid \$75m for an 89.9 per cent nomenal growth over the past five stake in the U.S. company. The re-years. since 1980 Telerate's revenues hands of Telerate's senior execu-

Exco, through its two money broof about \$700 a month for the ser- 21 per cent stake in Excol.

Club Med increases profits by 21%

CLUB Méditerrannée, the French holiday group, reports a 21.6 per cent increase in consolidated net profits to FFr 68m (\$7.1m) in the first six months of the year ending October 30.

The improved results, which compare with net earnings of FFr 54.3m in the same period in 1983-84, were made on turnover up 17.7 per cent

The 1963-84 results have been restated to produce comparable figures. This follows the company's de-cision to produce consolidated interim figures - compared with those for the parent company only produced in previous years - and also to split off its activities in North America and Asia to a new subsidiary, Chib Méd Inc.

Océ well ahead at six months

By Our Financial Staff

OCE van der Grinten, the Dutch copier group which increased prof-its and dividends last year, reports further strong progress for the first six months of 1985. Net earnings for the half year are

Fl 34.1m (\$9.9m), against Fl 29.3m following an increase in sales to Fl 974.7m from the Fl 890.7m of the opening six months of 1984.

EUROBONDS

Partly-paid dollar issue fails to attract

WITH Eurobond investors thought to be nervous of buying U.S. dollar-denominated issues for fear of further falls in the exchange rate, So-ciété Générale tried to litingt bay-ers yesterday with a partly paid is-

er, the \$150m deal, which offers investors a small up-front payment and a year's delay before the balance is due, did not inspire strong demand for paper. The issue has a seven-year life, a 10 per cent

coupon and issue price of 99%. Dealers pointed out that inves-tors who pay the 14% per cent initial payment would receive the 10 per cent income only on that amount. The balance of 85 per cent, payable of Fogust 19 1986, would sarn only around 8 per cent if placed in the money markets for

fall in the dollar if they waited to convert the payment into dollars.

The issue, led by Société Générale, was trading just inside the full fees of 1½ percent.

The issue, led by Société Générale, was trading just inside the group which is BBB rated, made its ratixed, with put and call options, full fees of 1½ percent.

Norsk Hydro is proving a popular name, and a \$100m deal, led by tional was selling well inside the 1% per cent selling concession. The deal has an average life of 7% years, maturing in 1993. The coupon is 19 per cent and issue price par.

Salomon Brothers launched a \$100m deal for Tribune Company, the U.S. newspaper and broadcasting group which also owns the Chicago Cubs baseball team. The issue was priced to give an all-in cost to Tribune of 56 basis points above the U.S. Treasury yield curve, with a 10year maturity, a 10% per cent couper cent. It was not trading widely

led by Wood Gundy. The seven-year years making the final maturity in bonds have a 11% per cent coupon - 2000. Issue price is 99%. The issue Swiss Bank Corporation Interna- one of the highest around at pres- traded at around 99%, compared ent - and a par issue price. Fees are 1% per cent, giving a cost to Brama-

> around that level. Morgan Stanley launched a by UBS. The terms were set at a 5% NZ\$50m issue for Westpac Banking, which is the second largest bank in New Zealand as well as the biggest
>
> D-Mark Eurobonds improved by in Australia. The deal has a threeyear life and comes with a 16% per cent coupon, priced at par. Retail investors were keen buyers.

The latest Euro-French franc ispon, issue price at par and fees of 2 sue is for SNCF, the state railway system. The FFr 500m deal is led

with commissions of 1% per cent.

In the Swiss franc foreign bond lea of 150 basis points above U.S. market a SwFr 100m private place-Treasuries, and the bonds traded ment for Nagasakiya, the Japanese clothes store group, was announced

% to % point with good demand from overseas. The fall in the dollar against the D-Mark below the DM 3.00 level is encouraging buyers.

International bond service,

based buyers would benefit from a Tender panel system 'hampers Euronote market'

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

some tender panel process through which notes are normally sold to investors, a leading banker said yes-

terday.
Mr Philip Colebatch, executive director of Credit Suisse First Boston. said the tender panel mechanism. whereby a group of designated banks bids for paper in competitive auction, was an unwieldy one which

BORROWERS in the fast growing Euronote market have paid excessive rates because of the cumber.

A more flexible approach was been would place a "rogue bid" for paper which it was then forced to be replaced by a system whereby dump in the market at cut price borrowers issue paper through a needed, he told a symposium organised by Euromoney, the banking age a borrower's standing.

magazine. Mr Colebatch said that in any one

Sometimes a tender panel mem-

rates. This could permanently dam-

His remarks echoed a growing disenchantment in the banking tender panel only three to five banks out of a possible total of 69 might be successful in obtaining paper which could be sold on to their customers.

disenchantment in the banking community with the tender panel system, originally introduced to give commercial banks which underwrite Euronote issues a chance to buy and trade Euronote paper. to buy and trade Euronote paper. der panel scher Many bankers believe that the eight to 10 days

borrowers issue paper through a limited number of designated deal-

"The tender panel may indeed disappear," said Mr Gareth Bullock, associate director of Swiss Bank Corporation International. He argued that the notice period required for drawings under a ten-

Healthy Swiss climate promotes growth

BY JOHN WICKS IN ZURICH

THERE are no signs of heat fatigue on the Swiss capital market. With the summer holidays just beginning, demand is growing from day to day. Securities trading is so heavy that the Zurich stock exchange is regularly working overhalf-year will prove to be higher by same coupon - SwFr 250m by at least one third than for the corresponding period of 1984. The most striking development

has been in the equity market, where large-scale buying by domes-tic and foreign investors has led to the daily breaking of the share-inde: record. The Swiss Bank Corpor-arion general index yesterday passed the 500 mark for the first time, closing at 505.L.

The vast majority of listed companies have improved their results and in many cases their dividends - this year. Even with an overall yield of less than 2.4 per cent, Swiss shares are likely to remain attrac-tive in the cuming weeks. There is certainly no lack of new rights is-sues taking advantage of this

The strength of the equities has not meant a corresponding falling-off in the fixed-interest sector. On the contrary, new bond issues are selling like hot cakes. The popularity of Swiss shares has itself boosted the issue of equity-linked converti-ble and warrant bonds.

the limelight. In May, Nestlé raised SwFr 300m and Swiss Bank Corporation SwFr 200m by 3.25 per cent warrant bonds, both issues mas-sively oversubscribed. Subscriptions have just closed for three time. Total turnover for the first, more warrant-bond floats at the Union Bank of Switzerland, SwFr

125m by Baloise Insurance and SwFr 40m by Globus, the department store concern - and all of these are also subject to heavy ra-More domestic warrant bonds are

on the way, including an issue in September by the Japanese-con-trolled Gotthard Bank of Lugano, whose recent equity placing had to be raised from 50,000 to 85,000 shares after a "very positive" reaction from investors. Nor are Swiss borrowers alone in

the warrants sector. Last Friday subscriptions opened for the SwFr 300m float by National Westminster Bank through a consortium led by its Zurich affiliate Handelsbank NW. This 10-year issue with a 4.5 per cent coupon and five-year warrants is something of a milestone on the Swiss market. Apart from being the first Swiss-franc bond issues equipped with warrants on the part of a British bank, it is, more importantly, the first foreign bond flotation of more than SwFr 200m

In all, foreign public issues on the long-term market will this month total at least SwFr 1.38bn. Underwriting banks continue to offer a wide selection of conditions - inchuding floating-rate issues as for the pending Italian state railways borrowing dual-currency offers like the First City Financial issue or the two-tranche transaction of the Inter-American Development Bank which closed for subscriptions last Friday. The first tranche of this late runs for the unusually long period of 20 years.

Swiss coupons may not be very high, with first-class domestic names offering 4.75 per cent on straight bonds and similar foreign borrowings noticeably below the 6 per cent mark (the current Nippon Telegraph and Telephone Corpora-tion bonds – and those of the newly weakening for some time now. The announced 12-year issue of SwFr scrapping of the SwFr 200 ceiling 70m by British Petroleum Capital - on bonds is generally expected to

ential against other capital markets call by the authorities to recognis has narrowed, and the Swiss franc that medium-term notes are no remains strong. In the foresceable longer the 'private placements' future, most observers expect the they were once known as. This exchange rate to remain favour- could mean extended investor inforable, while national bank monetary mation on notes issuers and possipolicy should preclude a further slip bly even some kind of stock exin domestic borrowers' coupons. change listing with In the near future, the Swiss capiprospectus liability.

Warrant issues are particularly in since the Swiss National Bank lift tal market seems likely to stay pop-the limelight. In May, Nestlé raised ed this ceiling in mid-May, ular with both borrowers and investors. This should be particularly apparent in the case of foreign Swiss franc bonds. Figures just released by the national bank show that in the first five months of 1985 these reached a record level for the period of more than SwFr 5.5bn, while another new high can confidently be awaited for the first half.

The total of foreign Swiss-franc borrowing approved by the national bank dropped substantially in Janu-ary-May to SwFr 17.8bn, as compared with SwFr 20.4bn for the same five months of last year. This was due primarily to a sharp drop from over SwFr 10.6bn to less than SwFr 8bn - in the issue of mediumterm notes.

are going for only 5.375 per cent). take some custom away from this However, the interest rate differsector, quite apart from the growing take some custom away from this change listing with corresponding

Call for details of star wars financing

SIEMENS wants steps taken to Strategic Delence Initiative (SDI) look at the technological aspects to clarify the political and financial research programme. But it has alsee whether it made sense to take framework of the U.S. star wars resource as been at pains lately to reconcile part.

search programme. It is also amious to see a proper plan for the financing of the Eureka projects advocated by France for joint European research.

The West German electrical and computer concern's attitude sug-gests that it is taking a firm line about the terms on which it might be prepared to become involved in the two research efforts. Chancellor Helmut Kohl has al-

dating attitude to the Eureka programme be-ing promoted by President François Mitterrand of France.

Discussing the research programmes at a press conference in West Berlin, Dr Karlheinz Kaske, Siemens' chief executive, said that ministers in Bonn still had to make a political and strategic decision out parts of SDL

Chancellor Helmut Kohl has already indicated that West Germany agrees in principle with the U.S.

If the Boun Government came down firmly in lavour of co-operation with SDI, Siemens would then

But Siemens could not be expected to make available its own expen-sive research facilities for projects aimed far into the future with no clearly discernible commercial applications, he said. Such projects would have to be backed 106 per nological consequences, like U.S. cent by government finance.

commitment would depend on the en great momentum to U.S. tech-likelihood of a commercial application, be indicated.

common with some other European companies, Slemens had already declared itself willing to work in a

Eureka programme if the financing At the same time, Dr Kaske precent by government finance. proposals 25 years ago to put a man. The degree of Siemens' financial on the moon, Those efforts had giv-

For that reason, it was impossible In his view, the Eureka pro-for Europeans to ignore the latest cramme was not an alternative to U.S. proposals.

Siemens looks for 20% gain

BY JOHN DAVIES IN WEST BERLIN

SIEMENS, the West German electrical group, is continuing to enjoy a strong increase in sales revenue and new orders and expects to show a further improvement in profitabil-ity this financial year.

The group, which has embarked on an intense programme of expan-sion and innovation, is boosting investment spending more than anticipated and is recruiting more labour - although it has introduced short-time working at its electronic components plant at Villach in Aus-

Dr Karlheinz Kaske, Siemens' chief executive, said that sales revenue in the company's financial year to September 30 might come close to DM 54hn (\$17.7hn), which would be an increase of about 18 per cent. The company believes earnings this financial year might increase by up to about 20 per cent. This means the ratio of profits to sales revenue might approach 2.4 per cent, after a sharp rise to 23 per

cent last financial year. Under its new profit-oriented div idend policy, Siemens lifted its pay-out on last year's results to DM 10 per share, after paying an un-changed DM 8 for the previous 12 years. Net profit rose 33 per cent to DM 1.06hn last financial year, with sales 16 per cent higher at DM

Siemens has been approached by "dozens" of U.S. companies willing to sell out since the West German concern failed in its bid to buy Allen-Bradley, the factory automation company, last January. Dr Karlheinz Kaake, the chief executive, said that hardly a day went by without a proposal arriving in the post. So far, however, nothing concrete had developed, he said. Siemens was outbid for Allen-Bradley by Rockwell International of the U.S. Dr Kaske said that Siemens' sales in the U.S. would rise to nearly DM 5hn this financial year from DM 4.4bn in 1983-84. It was making good progress in its plans to strengthen its U.S presence, he said.

reached DM 36.7bn in the period from October 1 last year to May 31

This was 37 per cent more than in the same period a year ago, but the increase was inflated by final ac-counting for three nuclear power stations, he said.

Signess' inflow of new orders alsaid. This is a big jump from invest-so reached DM 38.7bn in the first ment of DM 2.4bn last financial eight months of this financial year, year and DM 1.7bn in 1982-83. a 12 per cent increase on a year ago. speciable 6 per cent to DM 17.6bn. employees was rising sharply for tomation, office equipment and Dr Kaske said. the first time in five years. While public communications networks.

the company's worldwide labour

In some plants, Siemens was have company aims to begin production

Dr Kaske said sales revenue ing difficulty in finding qualified engineers and tradesmen, he said. This was partly because many job applicants were reluctant to move

to other areas. Investment spending, originally envisaged at between DM 3.5bn and DM 4bn, would now be much more than DM 4bn this financial year, he

The pace of investment would Business from abroad showed a continue unabated in the next fihefty 18 per cent rise to DM 19.1bn, mancial year, he said, making a to-while domestic orders were up a re-tal of nearly DM 9bn in two years. Dr Kaske said that the number of areas of semiconductors, factory au-

Dr Kaske said that Siemens force increased by only 6,000 last fi- "megaproject" to build powerful nancial year, it is expected to rise

new generations of semiconductors there would be no final accounti
by 15,000 this financial year.

was "on time and in budget." The boost from power station busine

of 1-megabit chips (able to store more than 1m bits of data) in 1987 and 4-megabit chips (4m bits of data) in 1989.

Siemens' electronic components division, which booked a 38 per cent rise in new orders last financial year, had suffered a decline of 2 per cent so far this year. While U.S. companies had resorted to widespread sackings, Siemens had introduced short-time working for about 40 per cent of its 1,400 labour

force at Villach in Austria. Dr Kaske said that the biggest increase in new orders was being booked by the company's power en-gineering and automation division. This section of the business in particular was benefiting from the more widespread and more creative use of microelectronics to produce

Medical engineering was also enjoying above-average growth in

The communication and information systems division had increased Much of it would be in the growth its orders by 20 per cent in the first eight months of this financial year,

He said Siemens' sales revenue would show a decline next financial year to about DM 50bn because there would be no final accounting Lex, Page 16

All these securities having been sold, this announcement appears as a matter of record only.

July 1985



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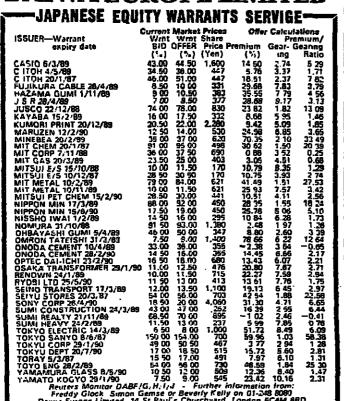
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DANSK OLIE & NATURGAS A/S US\$180,898,000 **GUARANTEED FLOATING RATE** NOTES DUE APRIL 1999 DARSK NATURGAS A/S US\$100,000,000 FLOATING RATE NOTES

THE CHASE MANHATTAN BANK NA. LONDON, AGENT BANK.

> Societe Anonyme Luxembourg

unconsolidated net as of June 30, 1 inted to U.S.\$241.39 amounted to U.S.\$241.39 per share of U.S.\$50 par value. This value was before payment on July 1st. 1985, of a dividend of The consolidated net asset value

per share amounted as of June 30, 1985, to U.S.\$247.10.

Volvo UK lifts profit

and sells record number of trucks

Volvo (GB) turnover rose from

record: 4,466 against 3,911. Some 31 per cent of the vehicles sold last year were assembled in Britain.

Net profit rose from £1.62m to

£2.27m or by 40 per cent, but Volvo

(GB) cut the dividend by 32.5 per cent from £1.4m to £945,000.

achieved in 1979.

The 1984 pre-tax profit was well

Export unit sales rose by less

than 10 per cent from the 1983 level

of 338 because last year no new bus

contracts for the Far Fast were ne-

gotiated. Export sales dropped from

Volvo's assembly facility is un-dergoing a £750,000 rationalisation

scheme which aims to boost produc-

tivity by 20 per cent. The first part of the programme has been imple-mented. A new truck line will be-

come operational in the autumn, and a new bus line will come on

amounted to £1.364m of which £592,000 was for company cars. Future capital expenditure authorised is £143,000, and a further £778,000

was authorised but not contracted

Dome to raise

C\$125m for

drilling plans

By Bernard Simon in Toronto DOME Petroleum, the debt-bur-

dened Calgary energy company, and its affiliate Dome Canada are

to raise up to CS125m (\$92.5m) from the public to help finance explora-tion in the Beaufort Sea, off Cana-

The two companies have filed a

preliminary prospectus for the sale of up to 25,000 limited partnership

units at a price of CS5,000 each in Beaufort Oil and Gas Program, a

company created to drill three wells-

in the Beaufort Sea later this year. Shares in the partnership will be

convertible to Dome Petroleum common shares either next spring or in April-May 1988. Dome said than 7m new shares in exchange for the partnership units.
Investment in the partnership,

ries attractive tax breaks. The Fed-

eral Government's petroleum incen-

expenses are also deductible from

ment in Dome Petroleum shares. Dome's long-term debt stands at

C36.4bn. The company earlier this year raised C3121m in new equity following agreement by its creditors to reschedule the bulk of its

da's north-west Arctic coast.

stream early next year.

for the end of 1984.

BY KENNETH GOODING IN LONDON

VOLVO'S truck and bus subsidiary panies and an assembly plant in in Britain achieved record sales in Scotland. Volvo cars are imported to the UK by a subsidiary of the 1984 and increased taxable profit. But it cut the dividend paid to the c131.5m in 1983 to £153.3m last year and it sold a record number of trucks - 5,071 compared with 4,238 in 1983. Registrations were also a

Mr Bert Brandtzaeg, managing director of Volvo Trucks (Great Britain), says in his annual report that overcapacity in the European commercial vehicle industry "had a depressing effect on product prices"

The improvement in his company's pre-tax profit, from £2.22m (\$2.88m) to £2.88m, reflects increased sales volumes while "profitability margins on trucks, buses and parts were largely unaltered."
Volvo Trucks (GB) imports the

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The

STRAIGHTS
Amex Credit 10°s 90
Amex Credit 12°s 98
Bank of Tokyo 13°s 91
BP Capital 11°s 92
Caisse Nat Tele 13°s 91
Canadan Pac 10°s 93
Canadan Pac 1037a + 67a + 1 10.02
1067a + 014 + 672 10.44
10027a + 029 + 1 10 11.05
1068 + 107a + 024 10.50
1067a + 012 + 126 9.96
1057a + 012 + 126 9.96
1127a + 02a + 02a 10.37
1111a + 01a + 02a 10.31
1127a + 02a + 02a 10.37
1111a + 01a + 02a 10.31
1127a + 02a + 02a 10.37
1127a + 02a + 02a 10.37
1127a + 02a + 02a 10.37
1127a + 02a + 02a 10.38
1127a + 02a 10.38 1055 105's
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INTERNATIONAL COMPANIES and FINANCE

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All of these securities have been sold. This announcement appears as a maffer of record only.

June, 1985

1,250,000 Shares

Common Stock

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

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SALOMON BROTHERS INC

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Floating Rate Notes Due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 8th July, 1985 to 8th January, 1986 the Notes will carry an Interest Rate of 8½% per annum. The interest amount payable on the relevant Interest Payment Date which will be 8th January, 1986 is U.S. \$421.67 for each Note of

Credit Suisse First Boston Limited Reference Agent

U.S. \$1,800,000,000



European Economic Community

Floating Rate Notes Due 1990

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 8th July, 1985 to 8th January, 1986, the Notes will carry an Interest Rate of 712% per annum. The interest amount payable on the relevant Interest Payment Date which will be 8th January, 1986 is U.S.\$10,142-36 for each Note of U.S.\$250,000.

> Credit Suisse First Boston Limited Agent Bank

SEC warns **Carnation** on statement

WASHINGTON - The U.S. Securities and Exchange Commission (SEC) has issued a warning to pub-lic companies not to mislead investors during takeover talks, Reuter

the U.S. dairy products group, for making "materially false and mis-leading" statements when it twice denied in August 1984 that it was in takeover talks with Nestlé, the Swiss foods giant which eventually bought Carnation.

Beyond publicising the state-ments, the SEC took no formal action against Carnation.

The SEC said Carnation officials began discussing the sale of the company with Nestlé representa-tives in early June 1984. From May 25 to July 3, the price of Carneti common stock rose to \$64.50 from \$54.25 per share, the SEC said.

It said Carnation officials had none the less denied on August 7 and August 21 any knowledge of developments that would make the stock increase. "We are not negotiating with anyone," the SEC quot-ed Mr Michael Malone, Carnation's treasurer, as saying on August 21.

"The importance of accurate and complete issuer disclosure to the integrity of the securities markets cannot be overemphasised," the SEC said.

The SEC in a footnote criticised a recent U.S. appeals court decision stating that a company may deny knowledge of important informa-tion if it believes the information has not been leaked.

YEARLY

Maximum Monthly Payment Doubled

From tomorrow, Wednesday 10 July, the maximum monthly payment to the National Savings Yearly Plan will be increased from £100 to £200.

To increase their monthly payments above £100, existing investors need to apply for a further agreement to buy an additional Yearly Plan Certificate.

First time investors may take out a single Yearly Plan agreement from £20 to the new maximum of £200 a month.

Yearly Plan is currently offering a guaranteed and tax-free return of 9.28% p.a. over five years.

Application forms for Yearly Plan agreements are available at post offices.

Enquiries: Further information may be obtained by writing to the Savings Certificate Office, Yearly Plan Section, Durham DH99 1NS. Or telephone Durham (0385) 64900 ext. 699.

Issued by the Department for National Savings on behalf of HM Treasury.

How Morgan helps multinationals succeed in the United States



Officers in Morgan's European and Canadian Corporate Banking Department regularly discuss market developments. Shown in New York, from left, are: Hanjo Roosen, Kimberly Perkins, Robert von Tobien, Edmond Carton, Seija Hurskainen. Standing: Harvey Struthers, John Comfort, and William Holding, department head.

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The Morgan Bank

INTL. COMPANIES & FINANCE

Malaysia eases foreign equity rules

able concern over the sluggish growth in private sector investment, yesterday announced wide-ranging foreign equity rules that are expected to go a long way in overcoming objections to its New Economic

Policy (NEP). The new rules link the level of equity that a foreign partner with the export level of the project. In announcing the measures Mr Daim Zainuddin, the Finance Minister, said foreign investors will be allowed to retain full ownership of ventures if the projects are 100 per cent export oricated.

They can hold 80 per cent of the projects are the content of the projects are the content or the projects are the 100 per cent export oricated.

They can hold 80 per cent of the equity if the project is 80 at risk its popularity among the per cent export oriented, and between 51 and 80 per cent of the equity if 51 to 80 per cent tion of the more competitive of the goods produced are sold

foreigners can retain 51 per cent of the equity if the export content is below 50 per cent, but above 20 per cent.

It is only when the export of the significant per cent with the target of the malaysian corporate section is unlikely to be met by section is unlikely to be met by the per cent. THE Malaysian Government overseas. More significantly, It is only when the export content is below 20 per cent that the foreign equity allowed

is restricted to 30 per cent, the level currently allowed for foreign investors under the

1990 (it is now 18 per cent), and future increases in the Malay stake would come mainly from the Government's privatisation programme.

The relaxation of foreign equity participation rules forms part of a range of incentives that will come with the Malaysian Industrial Masterplan, which will be unveiled next month by Dr Mahathir Mohammad, the Prime Minister. Mr Daim, who was a leading Malaysian entrepreneur before joining the Cabinet last July, said the government gave a high priority to high technology ventures, and these would be allowed to be 51 per cent foreign owned regardless of their export content. However,

The new investment rules re- for ventures involving non-

Mr Daim also announced that investors whose applications to set up projects have been rejected could now appeal to the Minister of Trade and Industry for a final decision if investment in the project would be more than US\$5m.

"We have the new emits." "We hope the new equity rules will add to investors' con-

fidence in Malaysia, and with increased investments, I believe our economic development will grow at a faster rate." he said. The British High Commission said that a survey it made recently showed that UK investments in Malaysia totalled, conservatively, more than 5hn ringgitt (US\$2bn), and Britain was the second bissect invasive. was the second biggest investor in Malaysia after Singapore.

Short-life airline plan for Perth

THE RELATIVE shortage of year. airline seats into Perth has prompted a West Australian finance house to plan a short-life airline which would cater for the massive influx of tourists expected for the America's Cup during 1986-87. Barrack House Group intends

to offer a Laker-style no-frills service on routes from Singapore and New Zealand. A Perth to Auckland flight is projected to cost some £320 and Perth to Singapore around £260. These fares are about 30 per cent lower than the cheapest have flor scheduled fare at that time of policies.

Mr Denis Morgan, its chair-man, said: "It will be a no-frills airline offering maximum con-venience at a minimum cost." Mr Horgan, a West Australian

entrepreneur, somewhat in the mould of Mr Alan Bond, has secured backing from the state government and the West Australia. tralia Tourism Commission for the project. However, Qantas, Australia's state airline, is certain to oppose the scheme. Other attempts to operate regular charter services into Perth have floundered on its defensive

With the routes into Australia currently among the most heavily protected in the world and the West Australia Govern-ment leading an internal move-ment for deregulation of the industry, the latest plans could have a long-term significance. Negotiations are in progress to lease a Boeing 747 for the

four months needed. Mr Horgan's background is in minerals and finance. He also produces, as a high-level hobby, Australia's most expensive red wine at his Leeuwin Estate vineyard in the south

Bombay SE may limit forward trading

THE BOMBAY Stock Exchange may ask brokers to cut outstand ing business volume in forward ing obsiness volume in a wait trading by 10 per cent in an effort to curb an excess of speculative activity, according to Mr M. R. Mayya, its executive director, Renter reports from

The proposed step follows a meeting of stock exchange chiefs in Delhi last week where various alternatives were discussed to curb a flurry of buying which has doubled share prices in the last five months.

Attempts to rescue Pacific Banking fail

In a terse weekend announcement, the monetary board of the central bank said the continued operation of Pacific would adversely affect its depositors and creditors. A number of attempts to revitalise the bank had failed to yield positive results, it added.

The central bank funding was

used to service deposit withdrawals and stem a run on the bank early this year. Pacific's bank early this year. Pacific's troubles worsened when reports emerged early this year that Bank of Hawaii, which had wanted to buy a 28 per cent stake, had called the deal off.

Bank of Hawaii did not explain the reason for its decision, but bankers said the consolidated wanted Pacific's ties.

officials, another local commer-cial bank, Consolidated Bank and Trust, was asked to look at the possibility of absorbing

THE DECISION last Friday by assets of 4bn pesos (\$216.5m) prospective partner had disthe Philippine monetary and deposits of 2.2bn pesos, but covered unusual bookkeeping which would be charged against the bank is heavily indebted to entries in Pacific's records. central bank's advances, Aside the central bank, which had They said the bank was believed provided emergency advances to have been reporting profits solidated also wanted the 36 per continuously for the past four cent penalty rates, on the advances to be absolved. The contral bank funding was registering losses. They said the bank was occurred to have been reporting profits solidated also wanted the so per continuously for the past four cent penalty rates. On the advancesh to be absolved. The offer was rejected outright.

Pacific is the third major bank failure in the Philippines At the insance of monetary this year. Banco Filipino Savings and Mortgage Bank and the government owned Philip-pine Veterans Bank are already in liquidation. Since last year 16 other small banks, mostly thrift institutions, have been cliosed by the monetary authori

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Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List. Interest on the Notes will be payable annually in arrear commencing 1st August, 1986.

Particulars of The Tokyo Electric Power Company, Incorporated and the Notes are available in the Extel Statistical Service. Copies of the listing particulars may be obtained during usual business hours up to and including 11th July, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 15th August, 1985 from:

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9th July, 1985

New factory rules West must learn

JBM believes only computer integrated manufacturing can counter low cost competition reports Geoffrey Charlish

SIR EDWIN NIXON, chairman of IBM United Kingdom, had a warning for 200 executives at a recent conference on manufac-turing technology. "We cannot afford to play cricket if the rest of the world is learning the rules of karate," he said, in an attempt to alert them yet again to the seriousness of the low-

cost manufacturing challenge from the Far East.

Mr Nixon spelt it out: "If we continue to play under the old rules, we will have no chance of winning." The conference was about

CIM, or computer integrated manufacturing. CIM is a concept which wipes out the "old rules" under which design and manufacture takes place in self-contained areas like sales order input, product design, engineering, testing, planning, stores, materials handling, production lines, packaging and

Integrated manufacturing is information - based. Starting with computer-aided design and sales order computer systems, and embracing production equipment computer control and robotics, a complete data-base (store of information) a manufacturing comnany's activities is built up. The theory is that if every one (and every machine) always knows exactly what is

going on, the business can be



Sir - Edwin Nixon: - Threat



Key to industrial survival: An IBM Scara robot at work

set up to achieve the best product quality while satisfying customer demands on delivery and price.

Above all. manufacturing becomes flexible, ensuring that a new product can be brought to market at maximum speed and that manufacture can be switched easily from one product to another.

"Data," said Dr John Pendle-bury of Coopers and Lybrand Associates, "has become a competitive weapon." The Bournemouth conference,

which IBM plans to hold annually, might have been used temptation was admirably re-

Instead—a rare treat—IBM service industries. revealed what was going on at

typewriter plant for example, \$350m invested in integration and robotics, coupled with product design for manufacture, has changed the cost mix of materials, labour and overheads from 48:10:42 to 77:8:15.

IBM industry specialist Mr Don Ralston said that it now takes half an hour to build a machine instead of half a day. There was a three-to-one reduction in the number of parts. four to one in man hours, and nine to one in the number of

Mr Clark Preston of the lifting on to pallets and stretch Austin, Texas plant, thought wrapping. that the low-wage Far East manufacturing challenge would not go away but merely move from Japan, through Taiwan, Singapore and Hong Kong into mainland China. Present wage costs and overheads in Japan

Only a handful of peop

look after the system, which IBM calls ALPS (automated

logistics and production system). The computing power

is divided into three hierarchies.
At the top is an overall or area

control, driven by IBM's Copics

production planning / control software and able to provide

At the next level are cells

handling materials distribution,

the assembly robots, the con-

veyors, test and re-work, laser

engraving and packaging. Within the cells are specific

activity stations such as robots

Using the system, IBM has reduced direct man-hours by 32

per cent and indirect man hours

At Bournemouth, IBM gave a

simple CIM demonstration by

cog in a gearbox to reverse the

From the customer order, the

gearbox was quickly modified

other schedules updated via the

Copies system, robot production and loading checked, robot

motions and clearances verified

on a personal computer robot

showing wat happens when customer demands a variant of a product, in this case an extra

with individual tasks,

by eight per cent.

motion.

quality data for management.

were \$18/hr, up to \$7.5/hr in other areas and 22 cents in China. "China will be the challenge," said Mr Preston. He saw information-controlled manufacturing in the West as "one of the big opportunities left to us-in industry and the by the corporation merely to only way to challenge low promote its own products. That labour rates." He refuses to believe that the U.S. and Europe will soon contain only

At Austin, IBM makes the revealed what was going on at some of its own sites where, clearly, it has been taking its own medicine.

At the Lexington, Kentucky, no screws in it, no adjustments to be made, no logotypes to stick on. Robots assemble the gearbox, lead screw, platen, and can even take the kinks out of flat cable before plugging it in at both ends.

There are 77 robots handling components and assemblies. These range from ASEA robots that lift standardised component packages from pallets on to conveyors, to assembly by three IBM everhead gantry robots to others that carry out testing, laser engraving, boxing, all over in a matter of minutes.

How to survive the transition from film to videotape

FOR ANY FILM producer requiring ten 16mm copies of his film. a typical laboratory cost would be £1.500. Ten videocassette copies of the same film would cost £100 or less. Over the last few years, comparisons such as this have fuelled the controversy of film versus video-tape—a debate characterised more by emotional allegiances than a clear assessment of facts.

The debate micht have debate

warmed up two weeks ago when the annual British Film and Video Festival opened in Bristol. This year, video entries: soared by 63 per cent to 286 against an 8 per cent drop to 131 on film.

Happily, people in the industry now recognise that video will inevit-ably dominate film, but that each has its own virtues and film is still unchallenged for

6There have been casualties-in businesses based too heavily on film?

The most dramatic in the UK-three months ago was the closure of Humphries Film Laboratories in London by its parent group BET. The most recent has been the liquidation of British Films, an old-established business that supplied mobile film projection vans to overseas clients— especially in Third World countries. Their film and video production division, however, will survive under changed ownership,

Film laboratories in par-ticular have not been enjoying a comfortable time. Where once an order for 100: 16 mm prints could earn them £10,000 or more, many clients today may order only two or three 16 mm prints with the balance of copies on inexpensive videocassettes, supplied perhaps by a

on a computer aided design screen, the bill of materials and specialist video company. It took some film laboratories dangerously long to extend their wet, photo-chemical business into electronics—and into videocassette duplicating in controller, and the product assembled by the robot. It was particular. But in the process, many have added ingenious services designed to bring

Video & Film

BY JOHN CHITTOCK

together the best of film and video technologies. The simplest and most obvious of these is the provision of a video rushes service. A film director can now have a videocassette of the day's shooting quickly transferred from the processed film negative thy electronic reversal; and view it on location without the need for mobile projection

facilities. The more enterprising film laboratories have wasted no time in adding other services as tape-to-film transfer such with electronic enhancement to many specific tasks. For the yield projection quality film decision makers, appreciating prints, and post-production serthe differences has become vices which allow editing on crucial in avoiding investment film (more convenient and disasters. In the learning of cheaper than video) but final such differences, however, there have been casualties—especially most recent of all — A & B roll most recent of all - A & B roll

in businesses based too heavily telecine transfer on to video.

The latter about to be introduced by Universal Film & Video Laboratory, allows a pro-ducer to shoot on film and -assemble the edited-originals on two separate rolls - successive shots alternating between A and B rolls with black spacer in between. Normally, each roll is printed successively on to the one film, allowing lap dissolves, superimpositions and other effects; but to obtain a video copy it is first necessary to produce a combined film print from the A & B rolls. Universal are now doing this in a direct film-to-tape transfer from A & B. rolls, eliminating one generation of quality loss. The integration of film and

video technologies at this end of the industry has now become very complex. For the traditional film laboratory business, which relied on volume for profitability, it could yield a dilemma in planning policy. Small specialist video facili-

ties houses now offer besnoke services on high technology equipment, handling anything from computer graphics — as used for Channel Four's logo — to special effects like the Rank Xerox TV commercial with a talking head on every duplicated sheet of paper; all very expensive and far-removed from production line economics the conventional film

... In trying to cope with these

danger that the traditional film laboratory business will get trapped in the middle — trying to maintain a volume base, but needing to challenge the small and highly specialised facilities

companies.

The dilemma is now easier to resolve for the production companies, which can hire in equipanies, which can hire in switch ment and facilities to switch from one medium to another as required, avoiding the huge capital burdens borne by the facilities companies. In consequence, most producers outside the commercial cinema happily work in either video or film as the circumstances dictate. The factors in choosing either

medium are many. One is the example, video is not ideal for large screen projection. None-theless, the need for very sophisticated special effects could favour origination on video. But editing changes to video original are more

expensive to implement once the master has been completed. In some cases, however, the low cost of videocassette copies may make a project practicable where on film it would never

6Many problems remain for those trying to cope with the transition to video?

have been considered—as for example mailing video copies to major shareholders when fighting a takeover bid. Although recognition of such

distinctions between the two media is now widely accepted throughout the industry, many strategic problems remain unsolved for those trying to cope with the transition to video Their dilemma revolves around the conflicting needs of a traditional business based largely on craft and the high capital demands of one built on rapidly developing technology.

Many of the film processing having to decide where the future should be allowed to take them. But others in the facilities business—film or will not escape march of progress and the burden of new technology forever making past investments obsolescent. Only the programme makers can feel secure, requiring at most a telephone with a market ready to consume almost anything that moves on a screen as long as the price is



Cheaper electronic directory

AN ELECTRONIC telephone directory which dials numbers automatically has been developed by the Swiss company Habimat.

Its Habimat HT90, at around £700, is a cheaper alternative to the intelligent telephones.

to the intelligent telephones with automated features now being marketed.

The 16K' version, for example, can store some 600 names and addresses. They can be called up on a small liquid-crystal screen by keying in the first initial of the party to be contacted. All subscribers with this initial letter are shown on the screen, eight at a time. The user scrolls through and touches a key to select the subscriber of choice.

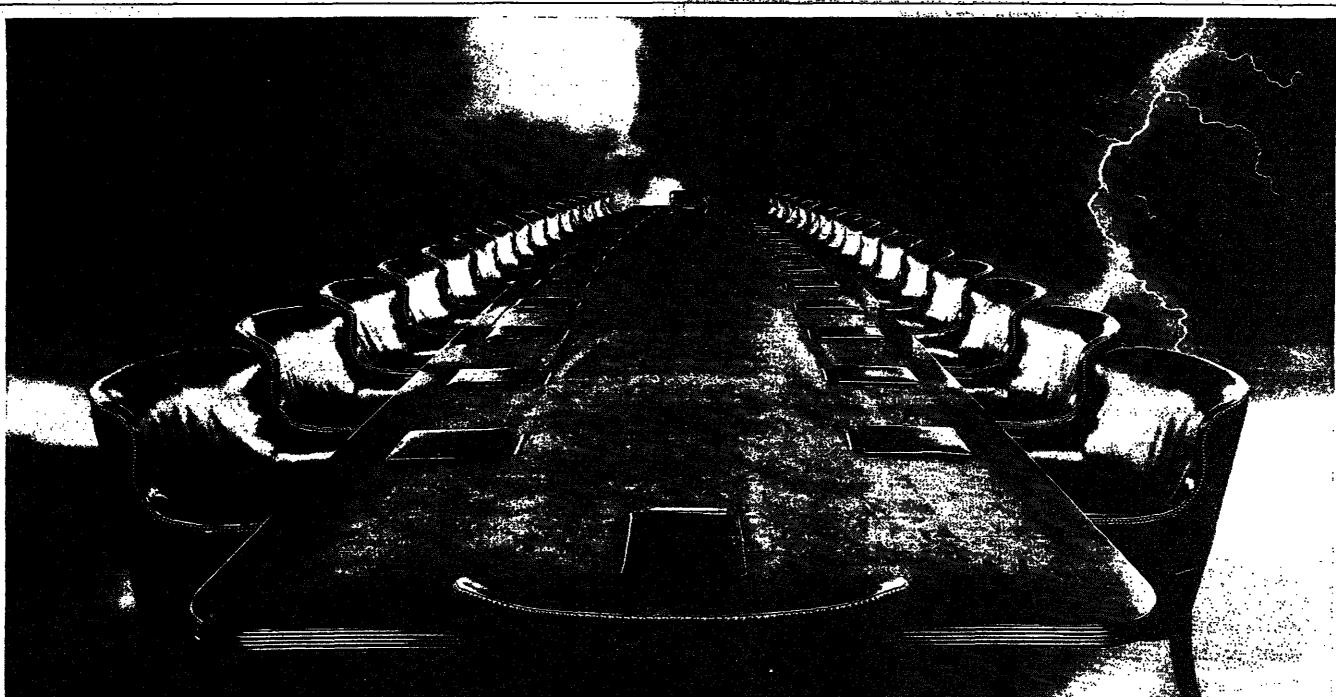
The device automatically dials the subscriber while displaying on the screen the full name, address and other items of business informa-

Lifting the lid on a chip problem

REPLACING electro-mechanical relays with microprocessors is rarely as simple as manufacturers are encour-aged to believe. When Soretex, a leading French lift manufacturer. switched to microprocessor controls, for the connectors used — much smaller than those on the older electro-mechanical equipment - could not accept the heavy gauge PVC-insulated wire that had been standard previously.

The answer was wire insulated with "Tefzel" a fluoropolymer made by Du Pont, which resulted in a wire half as thick as the PVC equivalent.

Soretex was able to shrink the width of its lift control cabinet from 700 mm to 500 mm using the combinathe Tefzel wrapped wire.



Announcing the bank for today's corporate climate. First Interstate Bank, Ltd.

Four years ago, First Interstate Bank unified 21 banks into a single retail system across the Western United States. The move gave people more banking convenience than ever before.

Today, we announce First Interstate Bank, Ltd., a bank devoted to corporate financial needs. This move is designed to help you succeed in today's highly competitive climate.

Specifically, First Interstate Bank, Ltd. delivers to you three major integrated capabilities: wholesale banking, capital markets, and investment services.

And, because we are a wholly owned subsidiary of First Interstate Bancorp, the eighth largest banking company in the U.S., you can benefit from the resources and

sophistication that come with \$46 billion in assets.

in wholesale banking, as before, we offer distinctive strengths as a knowledgeable and creative lender. Also, our multistate and multinational network has propelled us to leadership in cash management and trade finance throughout the Pacific Rim.

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markets group, with specialized officers in Los Angeles, Chicago, New York, London, Hong Kong and Tokyo. We can access sizable funds anywhere in the world for capital markets clients. And we can tailor any number of services to your needs-including foreign exchange, securities advisory and placement services, interest rate and currency swaps, and more.

Finally, our investment services. group is organized to handle complex investment needs. It brings you the zest and specialization of small entrepreneurial firms, with the breadth and credibility of large portfolio managers. It also combines with First Interstate's institutional trust capabilities to provide corporate trust; employee benefit trust, and custodial

So if you find the business climate stormy, contact your nearest First Interstate Bank. Ltd. officer. We've done something about the weather.



Kennedy Brookes doubled at £1.7m Recovery

a £3.45m acquisition are sanounced by Kennedy Brookes, the restaurant and leisure group. For the six months ended April 28 1985 turnover expanded from £13.3m to £16.8m from which taxable profits of £1.68m were achieved, against a previous gran mon

E860,000.

The directors say that the second half of the year has begun well in all group divisions, especially outside catering which is now in its best trading period.

Both turnover and pre-tax profits were more than doubled for the 1983-84 12 months to £27.28m (£12.5m) and £2.26m (£1.1m) respectively. The directors said then that progress was expected to accelerate in the current year as the benefits of the group's investment in Wheeler's Restaurants develops. During the first half Wheeler's, Mario & Franco and the Amis du Vin Group all showed solid improvement, the directors state. The Brookes and the Maxim's de Paris outside catering companies are expected to grow is now in its best trading period. de Paris outside catering com-panies are expected to grow substantially. The Healey Festi-val of Music, at which the com-pany is the caterer, is heavily booked and the catering should make a contribution to profits for the first time in the current period.

THE Chloride Shareholders'

Action Group has nominated Dr Maurice Gillibrand for appoint-

Dr Gillibrand says: "Share-holders should demand to know who is accountable for the failure

in the U.S. and demonstrate their own authority by supporting the

He also says that the CSAG is dedicated to the restoration of

Chloride as a prestigious com-pany and calls on shareholders to make every effort to attend

the AGM on July 26, to insist that the board reconsiders its

ction of the proposal to form shareholders' association

ment to the board.

CSAG nomination

Action group calls for

Chloride appointment

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

Sunderland & South Shields

Water Company

Placing of £5,000,000

11.80 per cent Redeemable Debenture Stock, 1995/97 at £100 per cent. (£10 per cent paid)

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List.

Exchange for the above stock to be somitted to the critician using the Stock will rank for interest pari passu with the existing Redeemable Debenture Stocks of the Company. In accordance with the requirements of the Council of the Stock Exchange £500,000 of the Stock is available in the Market on the date of Publication of this advertisement.

Particulars of the Stock have been circulated in the Extel Statistical Services Ltd., and copies will be available, for collection only, during usual business hours until 10th July, 1985 from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours up to and including 24th July, 1985, from

Seymour, Pierce & Co., 10 Old Jewry, London, EC2R 8EA

or from the Company's principal office, 29, John Street, Sunderland SR1 1JT

ticulars of the Stock have been circulated in the Extel

The group's investment in the Trocadero restaurants had a very poor start and although losses are diminishing, the directors expect this investment to be a problem for the remainder of the year.

Commenting on the future they say they hope to begin the development of the London Pavilion at the beginning of the 1985-86 year. The company is currently at an advanced stage with leading property developers to do this on a joint basis, while a major leistre company has agreed in principle to become the tenant for a large part of the building.

After mid-term tax of £335,000, against £157,000, earnings attributable came through at £1.34m (£703,000) or 10.5p (\$1.1p) per share. The interim dividend is increased from 0.525p to 0.757p — last year's final payment was 0.875p. Also proposed is a one-for-five scrip issue.

panies are expected to grow substantially. The Henley Festival of Music, at which the company is the caterer, is heavily booked and the catering should make a contribution to profits for the first time in the current period.

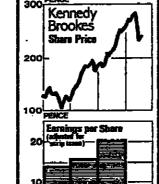
The directors point out that investments in Maxim's are still showing a loss, but the encouraging progress in the first six months "has at last shown the potential of which both restau-

Chloride has not paid a dividend on the ordinary shares since 1980. It passes the second

payment on the preference divi-dend this year. A major cause for a reduction in profit attribut-

able to shareholders from £3.2m in 1984 to £1m in 1985 was the technical failure of the "Torque Starton" hertony in the II.S.

Starter" battery in the U.S.



cash, with the balance in shares. These will not be issued for some three months, it is stated.

comment

It is not every small quoted com-pany that can absorb nearly film in losses from subsidiaries and still come up with a 100 per cent still come up with a 100 per cent increase in pre-tax profits. The Kennedy Brookes formula of buying up scarcely profitable restaurant chains and tightening buying up scarcely profitable restaurant chains and tightening up management has proved a hit in each of its three main chains. There is every sign that the same methods are being applied successfully to its upmarket "character" hotels, which with the addition of the Bear in Woodstock could be making £500,000 by next year. Meanwhile, the dismally slow start at the Trocadero, where much of the space is still empty, does not seem to be picking up, and it may be some time before Kennedy Brookes starts to show a profit on its 51 per cent stake in the complex. The other loss-making area, Maxims de Paris, is now responding well to recent marketing efforts and should break even for the year. Early signs from the London Pavilion leisure complex are good, and it looks as though lettings here will raise few problems. This, of course, will not affect profits for the present year, which should be at least £3\frac{1}{2}\text{m}. The Rugby, and the Bowler Hat shares, which ended the day up Feninsular.

Vinten falls 40% to £2.5m after aircraft provision

THE NEED to make an unfor a high performance video expected £814,000 provision on recorder for the Tornado airan aircraft contract has left craft.

1984-85 profits of the Vinten He says but for the provision Group well below the directors' the group's results would have

expectations.
At the pre-tax level they plunged from £4.16m to £2.49m, a fall of 40 per cent, having been £868,000 lower after the first six months.

In his interim report last Warranty claims of £3.3m and other losses wiped out the previous year's profit in the U.S. December Mr Michael Brown, the chairman, was looking for a pick up in the second half although he forecast that trading profits were unlikley to reach 1983-84's level of £4.03m. In the event they fell to £2.64m over the 12 months to March 31 Dr Gillibrand was formerly a director of research at Chloride —not a board appointment.

However, despite a slow start to the current year the directors are confident that by the end of the period the group will be well on the way towards resuming its previous pattern of

And they are raising the dividend for the past year, to March 31 1985, from 2.80 to the fore-cast 3.15p with a final of 2.1p (1.89p). It is pointed out that the dividend is well covered and that the group's balance sheet remains strong. Earnings amoun-ted to 7.3p (13.9p) per 20p share. Vinten designs, manufactures and markets military systems. broadcast systems, electro-optical components, computer systems

at an early stage of their develterms. Vinten is highly export
than expected and export are therefore vulnerable to the
defence contract negotiations were even more protracted, there were up 7p yesterday on a surge
was the need to provide against of optimism at 112p; if Vinten
a loss now anticipated to be was to get back on course with
incurred on a contract, entered £3.5m, this would have them on
pre-acquisition by SIG Daval, a multiple of about 10.3.

and scientific instrumentation. For the past year the group raised its turnover by £6.44m to

raft.

He says but for the provision the group's results would have been at the lower end of internal expectations.

Interest charges took £150,000 (added £129,000) but tax fell from £1.49m to £960,000. Net results came through a £1530. profits came through at £1.53m, compared with £2.66m.

compared with £2.66m.

Although the group's advance has been checked this year, Mr Brown says the development contract problems have been identified and he believes the loss provision to be adequate.

comment Vinten's £814.000 provision on its military systems activities has caused the worst hiccup since 1979-80 in its otherwise impressive record of profits growth, but even without it profits would have been well to the bottom end of forecasts. Vinten believes it is over the worst: the high-performance video recorder which cost it so dear was a technology it badly needed, and could now make a significant contribution to profits. The military side, however, has other problems; it is a lumpy business at the best of times and Vinter's business is highly geared towards the oil-producing nations where cash shortages are inevi-tably taking their toll. The more optimistic noises are coming from the electro-optics activities and the end of this year is likely E23.39m. to see this sector overtake mus-fit see this sector overtake mus-tary systems as the group's atthough losses in two companies most important in turnover at an early stage of their devel-at an early stage of their devel-orientated and this year's profits

at SGB continues in first half

FOLLOWING A recovery last year, when profits came back from £7.24m to £11m for the from £7.24m to £11m for the 12 months, first half figures to end March 1985 show an increase from £3.47m to £4.09m for SGB Group, which supplies and hires equipment and services to the civil engineering, building and

manufacturing industries.
The directors say there was a modest improvement over-all in the company's scaffolding results for the six months

ing results for the six months, but the major contribution is still coming from other activities, mostly in the UK. The rising trend in the UK. they state, has recently been checked, due to the bad spring weather, although it is hoped that results will improve again during the prove again during the remainder of the summer.

Overseas losses have been contained, compared with last

year,
Basic earnings per share are given as 5.4p (4.6p) and 5.3p (4.5p) fully diluted, while the interlm dividend is unchanged at 2.3p-last year's final payment was 4p.
In the annual review last

January the directors said that while UK profits amounted to £14m, there was an overall loss overseas largely due to Australia and North America, and to lower Middle Fast demand for Middle East demand for products. They added, however, that the current year had started well and that profits overall should continue to improve.

to improve.
Six months' turnover advanced from £85.21m to £89.99m and the taxable figure was after interest charges of £2.32m, compared with £2.12m. Tax was £1.83m (£1.54m) and minorities took £8.000 (£4,000).

comment

In retrospect, it is clear that hopes that SGB Group could maintain last year's rapid rate of recovery were always very optimistic. There was just too much to be done turning around the loss-making operations in Australia and the U.S. Now bad weather in the UK has firmly scotched any chance of the company reaching the £15m pre-tax which some City analysts had predicted and leaves it with a fair amount of ground to make up in the fourth quarter to make, say. £12,5m. The broad outlines of the company's strategy seem correct — reorganising the overseas operations and try-ing to hold the line in the tough UK scaffolding market on the one hand, and pushing ahead with the successful diversifications, especially HSS Hire Group, on the other. The trouble is that it is still clear how the company will regain its previous record pre-tax profit of £16.4m made in 1980, let alone move beyond it. At 142p, down 4p, the shares on a prospective multiple of about seven are not expensive (35 per cent tax). But there are more promising, and less accident-prone, investments in this

F. H. Lloyd rises 45% despite depressed markets

THE foundries, steel produc-ing and engineering group F. H. Lloyd Holdings has performed wery creditably in the year ended March 30 1985, according to the chairman Mr Lewis Robertson.

He reports a 45 per cent lift to \$1.43m in received process a received. He reports a 45 per cent lift to f1.42m in restated pre-tax profit, and a doubling of shareholders' dividend to 2.5p net. Bank borrowings show a further reduction from f4.8m to f1.7m and gearing is a healthy 18 per cent. Prospects are better now that the main elements of the restructuring are complete.

The chairman says the year was characterised by continuing depressed conditions in most of the group's markets, by the miners' strike and by considerable adverse fluctuations in steel scrap prices, which affect signi-ficantly some substantial group operations.

ing are complete.

Turnover in the year fell from £66m to £52.44m, but operating profit showed an increase to £2.07m from £1.92m. Severance costs fell substantially from £319.000 to £59.000 and accompanied by a reduction and, accompanied by a reduction in interest charges, gave a pre-tax balance of £1.42m (£977,000).

Mr Robertson says in the last three years six operating busi-nesses — among them the largest foundry, a steel mill and a steel re-rolling plant — have been closed or disposed of. Substantial cash resources have, therefore, been made available, and will be increased by the recent sale of Brown Lenox.

The chairman concedes that these changes are not accomplished without cost, but tells shareholders that the group is sounder, less exposed in unfavourable markets, and more positively plead for developpositively placed for develop-ment than at any recent time.

The initial outlines of new development have been sketched in, for example in marine and offshore engineering and in specialist services contracting. Everybody is working to achieve the benefits and he expects some of these will be reflected in increasing profits and dividends for the current year.

A split of turnover and operating profit shows foundries £19.27m (£21.09m) and £833,000 (£714,000) respectively, steel £17.43m (£26m) and £589,000 (£368,000), engineering and ser-vices £15.73m (£18.98m) and £649,000 (£334,000).

The two steel foundries operated profitably and showed a worthwhile improvement in a difficult year, says Mr Robert-



Mr Lewis Robertson

son. Reduced offtake by the mining supply industry was partly offset by sales efforts in export and defence markets.

In steel production only the Wednesbury mill, producing continuously cast billet, remains, and it did well in show a useful continuously east billet, remains, and it did well to show a useful operating profit. Morleys, the steel stockholder, was sold during the year. Prior to its disposal a substantial stock deficiency was revealed. Mr Robertson says. revealed, Mr Robertson says.
It appears that this may have at appears that this may have existed for a number of years—perhaps indeed before the acquisition of the company in 1976."

Results in engineering and ser-Results in engineering and services were uneven. The starter ring and dieset companies again made strong contributions; on the other hand the state of the international construction industry in the case of Brown Lenox, and that of the marine construction industry in the case of Welin Davit and Engineering resulted in proof demand and resulted in poor demand and subdued performance.

After vigorous action Rollstud, which was acquired in April 1984, made an improvement and has traded profitably in the cur-rent year. The group's legal advice is that it has a strong case against one of the vendors for breach of warranty. Half of the purchase price is currently withheld. This is now the sub-ject of litigation.

The group's interest in the

head Inc of Houston, which supplies the U.S. oil industry. supplies the U.S. oil industry.

There is a tax charge this time of £554.000 and minority interests of £106.000 (£113,000), leaving the net profit at £759.000 (£864,000) for carnings of 3.2p (3.6p) per share. There are extraordinary credits of £532,000 (debits £5.83m) and the dividend absorbs £602,000.

In his statement Mr Robert on makes reference to the 22.85 per cent stake in Lloyd built up by Suter, and says the directors believe it is Suter's ambition to

acquire control. He says it has been soggested in some quartors that Suter may contemplate a rationalisation of the steel foundry industry based on the Lloyd and Suter foundries and perhaps those of the Weir

Group.

"The foundries of your group are, by industry standards, remarkably — perhaps uniquely — profitable; the Suter foundry is smaller and less profitable, and the relevant Weir foundries were reported to have operated at a loss in 1934. "Your directors do not see the sense of diluting the effectiveness of the Lloyd foundries by such a grouping." the chairman states.

comment

Rationalisation has at last borne fruit for F. H. Lioyd's foundry and steel divisions. The foundries have shown a 16 per cent growth in profits, and with the roal strike over further modest growth is expected this year. Steel saw a remarkable 60 per cent profits upsurge, and the healthy state of the order book so far this year and the disposal of the loss-making stockdisposal of the loss-making stock-holding operation should bring another useful contribution. The biggest disappointment, as fore-seen at the interim stage, came seen at the interim stage, came from the division with the biggest potential: engineering and services. Wellin and Lenox were flat and weak offshore demand caused Rollstud to turn in a loss. F. H. Lloyd, undeterred by the setback, has already acquired another energy services company, Seaboard Wellhead of Texas, and is looking for further expansion in the sector. The group is in better shape now than it has been for years, but no one is tooling themselves that this is why the shares, up 1 py systerday at 64p, are trading on an historic p/e of 20; all eyes energy sector and its geogra-phical spread have since the year-end been enhanced by the investment in Seaboard Well-

Wm Mowat board voted out

THE CHAIRMAN and board of small property company, a small property company, were yesterday voted out of office by share-holders by the overwhelming Developments—another property and that their own expansionary plans had not had enough time to show results.

Mr Dunlop runs Peerglow Mr Dunlop said: "The company needs a far firmer base

voted out of office by shareholders by the overwhelming
margin of 580,000 to 140,000 at
an emergency general meeting.
The company was one of the
fastest growing shares on the
market in 1973 but recently has
become—in effect—a shell with
a market capitalisation of
£250,000 and a nominal capital
of £1m. It has been trading on
the over the counter market with
a share price of 25p.
The unitop saus: The company pany needs a far firmer base
than the previous board was
creating, they were trying to run
before they could walk."
The new board are expected
soon to announce a rights issue
—underwritten by the directors
—and in the longer run start to
is expected to become the new
company secretary.
The defending board yesterday
argued that the dissidents had
no new ideas for the company
that the previous board was
creating, they were trying to run
before they could walk."
The new board are expected
acquire other similar companies.

Mowat may eventually merge
with Mr Dunlop's Peerglow
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before they could walk."
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Mr Dunlop Tuns
Peerglow

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

The York Waterworks Company (Incorporated in England)

Placing of £3,000,000 11.80 per cent Redeemable Debenture Stock, 1995/97 at £100 per cent. (£10 per cent paid)

Application has been made to the Council of The Stock Exchange for the above Stock to be admitted to the Official List. The Stock will rank for interest pari passu with the existing Redeemable Debenture Stocks of the Company. Particulars of the Stock have been circulated in the Extel Statistical Services Ltd., and copies will be available, for collection only, during usual business hours until 10th July, 1985 from the Company Announcements Office of The Stock Exchange, London EC2. Copies may also be obtained during normal business hours up to and including 24th July, 1985, from

Seymour, Pierce & Co., 10 Old Jewry, London, EC2R 8EA or from the Company's principal office, Lendal Tower

9th July, 1985

9th July, 1965

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

The West Hampshire Water Company

Placing of £1,500,000 11.80 per cent Redeemable Debenture Stock, 1995/97 at £100 per cent. (£10 per cent paid)

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10 Old Jewry, London, EC2R 8EA or from the Company's principal office, Knapp Mill, Mill Road, Knapp Mill, Mill Hoad, Christchurch, Dorset BH23 2LU 9th July, 1985

WHITECROFT

THIRD SUCCESSIVE YEAR OF RECORD PROFIT

ı	1985	1984	
	£	£	
Pre-tax profit	7.4m	6.2⋒	up 20%
Dividends	7.7p	6.6p	up 17%
Ternover	101.6m	95.7m	ւր 6%
The	4ha amuu buu buuu		

The continuing success of the group has been achieved by focusing management direction on to the main stream of activities concentrated in four divisions, each with clear business and profit objectives.

The textile division will continue to exploit its specialised skills against a background of cost reduction and technical development. It is expected that the division will produce improved profit.

We aim to improve the building supplies division's effectiveness in the . current year by a programme of enhancing service through better facilities and by broadening our product range to cover customers' full requirements.

The lighting division is aiming to achieve improved turnover in both home and export markets and increased profit in the current year.

The property development division is expected to produce a steady volume of activity and a growing profit contribution over the years ahead.

Whitecroft is well set to continue and improve on its achievements.

Textiles, building supplies, lighting, property development

A copy of the report and accounts may be obtained from: The Secretary, Whitecroft plc, Water Lane, Wilmslow, Cheshire SK9 5BX Telephone: 0625 524677

RENOLD

An international engineering group

Summary of Results for the year ended 30th March 1985

	•	1985 £m	1984 £m
Turnover		121-4	116-2
Profit before Tax		4.5	
Profit (Loss) for the year	_	3.1	(10-3)
Earnings (Loss) per share		6·7p	(2-2p)
Shareholders Funds		49-7	38-8
Gearing		60%	103%
Return on Assets	-	11%	6%

Extract from the Statement by Sir Campbell Adamson CHARMAN RENOLD PLC

Considerable headway has been made during the year in improving efficiency, and demand for our products is growing healthily. The regeneration of the Group is well under way and the financial restructuring which has taken place, somewhat ahead of plan, has opened the way for payment of dividends to shareholders in 1985/6. The Board foresees a continuing increase in profitability.

> This is an abridged version of the full accounts which will be filed with the Registrar of Companies following the Annual General Meeting on 29th July 1925, Copies of the Annual Report can be obtained from the Secretary,

 $oldsymbol{RENOLD}$ PLC

Head Office, RENOLD HOUSE, STYAL ROAD, WYTHENSHAWE, MANCHESTER M22 5WL, Tel: 061:437 5221, Telex: 669052.

UK COMPANY NEWS

FINANCIAL TIMES

is proposing to publish a survey on the

SECURITY INDUSTRY

on Tuesday 10th September 1985 Advertising copy date for this survey is Tuesday 21st August 1985

The survey will cover the rapid growth of the Security Industry over recent years as the need to increase the projection of property has grown including:-

> Electronic Alarms Equipment Locks, Safes and Vaults Patrolling, Guarding and Key Holding Cash in Transit Security Consultancies Security Printing The Insurance Industry

Computer Fraud For a full editorial synopsis plus details of advertising rates, contact:

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FINANCIALTIMES

EUROPE'S BUSINESS NEWSPAPER The content, size and publication dates of surveys in the Financial Times are subject to change at the discretion of

YOUR HELP IS NEEDED BY THE ROYAL STAR & GARTER HOME TO CARE FOR THE DISABLED MEN & WOMEN OF ALL THREE

- 1- 🎉

The Royal Star & Carter Home cares for severely disabled ex-Servicemen and women of all ranks from all





Name: GLOCK LETTERS PLEASED

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange, It does not constitute an invit to any person to subscribe for or purchase any securities.

Hanson Trust PLC

(Registered in England No. 488067) Issue of 148,688,719 5.75% convertible cumulative redeemable preference shares of £1 each ("convertible preference shares")

This advertisement appears in connection with the issue of 148,688,719 convertible preference shares pursuant to the offer by Hanson Trust PLC. The convertible preference shares have been admitted to the Official List by the Council of The Stock Exchange.

Copies of the listing particulars in connection with the issue giving details of the convertible preference shares are available in the Extel Statistical Services. Copies may also be obtained during normal business hours

today and tomorrow from the Company Announcements Office of The Stock Exchange and on any weekday (Saturdays and Public Holidays excepted) up to and including July 22, 1985 from:-

N M Rothschild & Sons Limited New Court St Swithin's Lane

Hoare Govett Limited Heron House High Holborn London WCIV 7PB

London EC4P 4DU Hausen Trust PLC 180 Brompton Road London SW3 1HF

July 9, 1985

BROWN GOLDIE & CO. LIMITED

Development Capital for Private Companies

Management Buy-Outs

Write or telephone: Cameron Brown or Peter Goldie, oldie & Co. Limited, 16 St. Helon's Piace, Landon EC3A 6BY. Telephone: 01-638 2575.

AIB steps up legal action over collapsed offshoot

WHAT PROMISES to be the WHAT PROMISES to be the stormiest annual general meeting in the history of Allied Irish Banks (AIB) takes place today against a background of growing concern over loses arising from the collapse of a subsidiary, the Insurance Corpation of Ireland.

Last March the Irish Government took over Insurance Corporation from Allied as it became clear that the losses uncovered in the insurance company were threatening the parent group group which is capitalised at 15427m.

Allied, Ireland's largest bank-

Allied, Ireland's largest banking group, has issued proceedings against the Industrial Credit Company, the state-owned mer-chant bank which was involved in Allied's takeover of the insur-ance company.

Proceedings were issued late last week. The credit company said it will be defending them vigorously. A spokesman said yesterday that the company had yesterday that the company had taken preliminary legal advice and was satisfied it had no responsibility for any losses incurred by Allied Irish Banks.

Cole stake

purchased by

Low & Bonar

initial rejection in 1983. AIB sources maintain that the first offer was raised following the

Critics of AIB point to the fact that substantial evidence of the state of Insurance Corporation was available to the bank at the time of purchase.

Allied is already suing Ernst Whinney, the auditors of Insurance Corporation, for their role in the takeover which cost the bank If90m and could cost the bank If90m and could cost the Irish taxpayer up to I£200m according to weekend reports.

Allied Irish Banks acquired in the Irish taxpayer up to I£200m according to weekend reports.

Allied Irish Banks acquired in 1983 at a total cost of I£86m. It subsequently emerged that the company was virtually insolvent at the time of purchase.

The collapse wiped 44p off the share price and cost the bank are price and cost the bank are price and cost the bank are the time of purchase.

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The collapse wiped 44p off the share price and cost the bank are the insurance company.

The collapse wiped 44p off the share price and cost the bank are the insurance of the insur

Already a prominent govern-ment politician. Senator Sean sources maintain that the first offer was raised following the provision of additional information by a branch of the Industrial Credit Company.

Irish Industry Department sources were yesterday refusing to comment on weekend reports that Dr FitzGerald's Cabinet had IESAm for the year just ended.

Danes in £2.65m deal for Howard's Euro offshoots

BY DAVID GOODHART

By Andrew Arends Howard Machinery, the troubled Robert Moss, the manufacturer and distributor of plastic injection mouldings, whose 55.5m contested bid for Cole Group, the plastics manufacturer lapsed on Friday, yesterday withdrew from the battle, selling its 7.5 per cent stake in Cole to Low & Bonar the Dundee-based packaging, engineering, textiles and travel group for around £480,000. agricultural machinery company, announced an outline agreement yesterday for the sale of its French, German. Spanish and Italian subsidiaries to T-T Agro, a subsidiary of the Danish Thrige

This deal gives Low & Bonar a 14.8 per cent stake in Cole, which is fending off a £6m all-share bid from Hartons Group, a USM-quoted distributor of plastic and consumer products. NO 14—71/8

The Danish company will pay £2.65m for the European subsidaries (with £0.3m deferred

However, Mr Michael Long, Low & Bonar company secretary said yesterday that the stake in Cole was a "trade investment."
He said that while Cole was a
company that had some similarities with Low & Bonar "we have no intention, at the moment, to launch a full bid."

He said that Low & Bonar had been building up its stake in Cole since last week.

Mr Murray McLean, chairman and chief executive of Moss said last night that when its offer closed on Friday acceptances had been received in respect of 19.6 per cent of Cole shares. Last night Cole shares closed down

When Moss launched its bid for Cole in April Cole shares immediately jumped from 53p to 175p. Mr McLean said that the present share price which values Cole at £6.45m was too high a price to pay for

Although the four subsidiaries made a pre-tax profit between them of £0.7m to the year ended October 31 1984 the first five months of this year-to March 31-saw a loss of £1.1m.

Howard's board said it con-Titanindustrial group.

T-T Agro also said it intends to make an offer to the Receivers of Howard's UK subsidiary, Howard Rotavator, for certain believe tweeters to support the sale. noward Rotavator, for certain holders to support the sale. Shares were suspended last week NO 14—71/R

T-T Agro manufacturer of agricultural machinery which exports to Scandinavia and the United Kingdom through its subsidiary Farmhand. The acquisition of until certain conditions relating have ben satisfied.) The proceeds from the sale will be used to reduce Howard's bank indebtedthe Howard companies forms part of its long-term strategy of acquiring companies in the

The net assets of the four European companies were £4.6m as at March 31 this year. This includes inter-group balances of £0.7m which will be repaid to the four thousand the four the f

BOARD MEETINGS

The following companies have notify dates of board meetings to the Std Exchange, Such meetings are assumed to the purpose of consider dividends, Offices indications are available as to whether the divides are interime or finals and the auditorial divisions shown below are bas mainly on lest year's timetable.

to warranties and indemnities

,	7	TODA	Y		
Interior County General national.	e:—Ass Properti Trust, Securig	ociate ios. Le juard.	d Ne Daily iscretin	awspa Mail De	pere, end inter-
Finals: Leisure,	-Evans R.E.A.	of Stirli	Leeds	, in	lasun

FUTURE DATES	
Interiors:—	
Breakmate	Aug 10 July 17
Cardiff Property	July 17
Commercial Bank of Wales	July 19 July 25
	July 15
Derby Trust	July 23
Daw (George)	July 15
Lowe (Robert H.)	July 15
Mecallan-Glenlivet	July 15 Sept 24
Manchester Ship Canal	Aug 12
Priest Marians	July 12
7	Aug 8
	∨na o
Finals:—	1
Christie-Tyler	July 17
Dowty	July 24
Hicking Pentecost	July 11

COMPANY NEWS IN BRIEF

FINE ART DEVELOPMENTS FINE ART DEVELOPMENTS has acquired a further 50 per cent interest in R. J. Hanson-Moore. The consideration has ben satisfied by the payment of R200,000 (approximately £80,000) in cash and the allotment of 200,000 Fine Art ordinary. Fine Art now has a 90 per cent interest.

THREE WATER companies are between them raising £9.5m with issues of debenture stock. Sunderland and South Shields Water Company is rising £5m with an offer of 11.8 per cent 1995-97 debentures. York Waterworks Company and West Hampshire Water Company are raising £3m and £1.5m respectively on the same terms. Dealings in all three start tomorrow 10 per cent paid, with second and final payments on July 30 in the case of Sunderland and South Shields and on August 15 in the case of the other two companies. Seymour Pierce is broker to the issues. THREE WATER companies are

BARRIE INVESTMENTS AND FINANCE turned in pre-tax profits of £845,000 for the year ended March 31, 1985, against

LADBROKE INDEX 948-952 (-2) Based on FT Index Tel: 01-427 4411

£350,000, and there is a 0.1p of £20,000 (£7,000) earnings are (nil) dividend. Profits were after shown as 0.5-p (0.19p) per share. interest of £92,000 (£149,000) and subject to tax of £367,000 (£17,000 credit). There was an extraordinary credit of £197,000

GILBERT HOUSE INVESTMENTS is paying a dividend for the first time of 0.5p for the year ended March 24, 1985. Turnover shares, £100,000 of unsecured from £356,000 to £1.35m, while pre-tax profits expanded from are being retained by the £57,000 to £196,000. After tax before tax of £48,000 in 1984 and its net assets at that year-end stoned at £118,000. Consideration was satisfied by the issue of £8,077 ordinary shares, £100,000 of unsecured loan notes 1985-88, and £63,000 cash. The shares and loan notes pre-tax profits expanded from are being retained by the \$57,000 to £196,000. After tax

MPLDAND MARTS says it paid f203,000 for the recent acquisi-tion of an estate agency. Named Ivan Cawood, it made profits before tax of £48,000 in 1984 and

DIVIDENDS ANNOUNCED

		Date	COTTE-	TOTAL	Total
	Current	of	sponding	for	last
	payment	payment	div.	year	year
Barrie Invs	0.1	_	nil	0.1	nil
Batleys of Yorks	29	Aug 28	2	2.639	2.5
Bulgin	nil	_	0.77	0.58	1.35
Carelo Eng	8.5	Sept 6	6	12	8.6
Gilbert House#	0.5	Oct 1	_	0.5	-
Goring Kerri		Aug 29	2.75	_	8.25
Jacksons Bourne End .	4		4*	6	5*
Rennedy Brookes is	at 0.38	Jan 2	0.53	_	1.4
F. H. Lloyd		Aug 23	1.25	2.5	1.25
Memcom‡		_	3.5	3.5	3.5
SGB Groupi	at 2.3	Sept 16	2.3	_	6.3
Vinten	2.1		1.89	3.15	2.8
Wight Collins	2.75	_	2	2.75	2
Dividends shown pence	per share	net exce	ot where i	therwi	se state

Fraser ups **Debenhams** holding

House of Fraser, the stores group, has increased to 10.09 per cent its stake in Debenhams, its High Street rival which is fight-ing a £459m takeover bid from Burton and Habitat-Mothercare.

House of Fraser, recently acquired by the Egyptian Al-Fayed family is keen to have a say in the fate of Debenhams. Other large minority holdings in Debenhams have been built up by Harris Queensway the furniture and carpet retailer and Mr Gerald Rouson's Heron International.

Taylor Woodrow

The £42.3m rights issue launched last month by Taylor Woodrow has been well received by shareholders who subscribed for more than 90 per cent of the stock on offer, Hambros Bank said last night.

The issue was criticised in the City and Taylor shares fell 35p to 412p on the day of issue, offering stock at 370p, was announced. But the shares later recovered and closed yesterday at 428p, up 9p.

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Menagers 8 Lovat Lane London EC3R 8DT Telephone 01-621 1212

Over-the-Counter Market

							P/E	ì
					Gresa	Yield	,	Fully
High	Low	Company	Price	Change	div.(p)	%	Actual	taxed
145	123	Ass. Brit. Ind. Ord	135	_	6.5	4.6	7.5	B.9
151	135	Ass. Brit. Ind. CULS	138	_	100	7.2	_	_
77	45	Airsprung Group	45xt	-	6.4	14 2	7.5	9.8
42	26	Armitage and Rhodes .	37	_	29	78	4.6	7.7
158	108	Bardon Hill	154x(d —	4.0	2.6	19.5	20.3
84	42	Bray Tachnologias	64	_	39	6.7	78	9.0
201	161	CCL Ordinary	162	_	12.0	74	4.0	38
152	105	CCL 11pc Conv Pref	105	_	15.7	14 9	_	_
129	10	Carborundum Ord	129	_	4.9	3.8	64	10 0
88	83	Carborundom 7.5pc Pf.	84	_	10 7	127	_	_
73	-45	Deborah Services	46	_		14.1	4.4	71
455	182	Frank Horsell	455	_	1.4	03	11 7	15 O
385	170	Frank Horsell Pr.Ord.87	369	_	11. 9	3 Z	9.5	12.2
32	25	Frederick Parker	27	_		_	_	_
64	33	George Blair	64	_		-=	4 3	B 6
50	20	Ind, Precision Castings	21	+1	2.7	12.9	5.8	6.2
218	177	lais Group	180	_	15.0	8.3	7.1	129
124	101	Jackson Group	107		5.5	5.1	7.2	7.2
285	213	James Burrough	232	+2	15 0	65	73	7.3
93	83	James Burrough SpcPt.	89	_		14.5		
95	71	John Howard and Co.	97	-1	50	5.5	7.2	17.4
-25	100	Linguaphone Ord	216	_			7.9	8.3
100	92	Linguaphone 10.5pc Pf.	92		15.D	16 3		
650	300	Minihouse Holding NV	606	_	6 B	71	26.5	25.1
120	31	Robert Jenkins	66	-2	50	75	_	
50	28	Scruttone "A"	33	_	_	_	_	85
92	61	Torday and Carlisle	75	_	5.0	6.7	3.8	69
444	325	Trevien Holdings	325	_	43	1.3	185	18.2
30	17	Unitock Holdings	30	_	1.3	43	148	21.0
104	81	Weiter Alexander	102	_	7.5	7.4	7.7	11.0
247	216	W. S. Yeates	221		17.4	7.9	6.3	108
_					_	_		_

Prices and details of services now available on Prestel, page 48146

Notice of Redemption

to the Holders of

Heritage Communications International Finance N.V. 81/2% Convertible Subordinated Bonds Due 1999

Heritage Communications International Finance N.V. hereby gives notice that it will redeem all of its 8½% Convertible Subordinated Bonds due 1999 (the "Securities") on August 9, 1985 (the "Redemption Date") at a price of 105% of the principal amount thereof (the "Redemption

On the Redemption Date, upon presentation of the Securities together with all coupons maturing thereafter, the Redemption Price will become due and payable upon all such Securities along with interest accrued thereon from April 1.1985 to the Redemption Date in the amount of \$151.11 for each \$5,000 principal amount of Securities. Interest shall cease to accrue on and after the Redemption Date.

The conversion price of the Securities is \$12.00 per share of Heritage Communications. Inc. common stock. The right to convert the principal amount of the Securities will terminate at the close of business on August 9, 1985. Pursuant to the terms contained in the Securities, the Company will pay to the holder of any Security which is presented for conversion a cush sum equal to the accrued interest thereon from April 1, 1985 to the date of conversion. Registered Securities may be surrendered for conversion or redemption at Citibank, N.A., Corporate Trust Services, 5th Floor, 111 Wall Street, New York, New York, 10045. Bearer Securities may be surrendered for conversion or redemption at Citibank, N.A., 336 Strand, London WC2R 1HB, Citibank (Luxembourg) S.A., 16 Avenue Marie-Therese, Luxembourg, Citibank, N.A., Avenue de Tervuren 249, B-1150 Brussels, or Citibank, N.A., 16 Quai General Guisan, CH1211. Geneva 3.

The redemption is pursuant to the second paragraph of the reverse of the forms of Securities set forth in Section 202 of the Indenture dated April 1, 1984, which provides that the Securities may be redeemed prior to April 1, 1988 provided that the closing price per share of Heritage Communications, Inc. common stock on each day on which there was a closing price during a 30-day period immediately preceding the thirtieth day preceding the date on which notice of redemption is first published is at least 130% of the conversion price in effect on each such day.

The preceding condition has occurred,
Withholding of 20% of gross redemption proceeds of any payment made within the United
States is required by the Interest and Dividend Compliance Act of 1983 unless the Paying Agent
has the correct tax identification number (social security or employer identification number) or
Exemption Certificate of the payee. Please furnish a properly completed Form W-9 or Exemption
Certificate or equivalent when presenting your Securities.

Dated: July 9, 1985 Heritage Communications International Finance N.V.

G/41 R G I ()

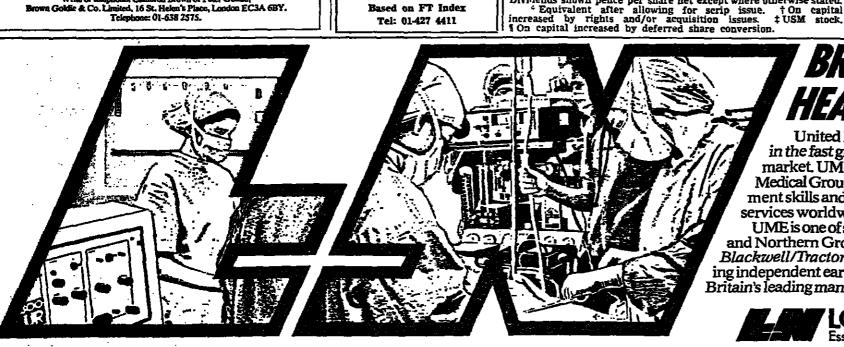
Earnings up 45% Dividend up 40%

Ordinary shareholders funds up 37.5%

Year to 31st March	1985	1984	%increase
Turnover £000	37,332	34,314	8.8
Profit before tax £000	3,592	2,895	24.0
Earnings per ordinary share of 25p	44.9p	31.1p	45.0
Dividend per ordinary share of 25p	12.0p	q3.8	40.0
Dividend cover (times)	3.7	3.6	_
Shareholders funds per ordinary share of 25p	231p	168p	37.5

CARCLO ENGINEERING GROUP PLC

Acre Street, Huddersfield.



BRITAIN'S LEADER IN THE WORLD HEALTHCARE MARKET. United Medical Enterprises is a leader crete facing bricks; McMillan Offshore,

in the fast growing world healthcare market. UME and its subsidiary, Allied Medical Group; provide hospital management skills and a wide range of healthcare and Weatherseal Windows, pioneers services worldwide. UME is one of several leaders in London

and Northern Group PLC. These include Northern Annual Report and find out Blackwell/Tractor Shovels, Britain's lead-more about a Group with a turnover in ing independent earthmover; Edenhall, Britain's leading manufacturer of con-

suppliers of specialist personnel to the North Sea oil industries; Steel Stockholders, Britain's leading steel profiler; in domestic double glazing.

Send for the latest London and excess of £250m and which continues to extend its interests in growth fields. GROUP PLC

LONDON AND NORTHERN 🗞 Essex Hall, Essex Street, London WC2R 3JD Tel: 01-836 9261

United Medical Enterprises # Anglo-Guelic # Blackwell # Tractor Shovels # Border Engineering # Cameron Farquhar # Fletcher Builders # Fletcher Builders # Traction Shovels # Border Engineering # Cameron Farquhar # Fletcher Builders # Traction Contractors # Weatherseal # John R Adam. # Cavendish Petroleum. # McMillan Offshore. # PCL Packaging # J&W Robinson. # Steel Stockholders # Traction

MATERIALS HANDLING - MACHINE TOOLS - SCRAP PROCESSING

"MARKED IMPROVEMENT IN THE

I am pleased to report a very substantial increase in our pre-tax profits over the previous four years. All three divisions made significant contributions. The most outstanding was machine tools which produced a trading profit before tax of \$3.5 million compared with a loss of \$2 million last year. The improvement in trading shown at the beginning of the year has continued in both home and export markets with our exports from the United Kingdom increasing by £16 million to £72 million. Overall, this was a much improved

The consolidation of our existing investment in the machine tool industry has

Salient figures: Years to 31st March

Profit attributable to Stockholders

Ordinary Stock Dividend per Unit

81

A copy of the Report and Accounts for the year to 31st March 1985 can be obtained from The Secretary, The 600 Group PLC, Hythe End

House, Chertsey Lane, Staines,

Middlesex TW18 3EL

Svenska Handelsbanken

US\$ 100,000,000 12%% Notes 1989

NOTICE IS HEREBY GIVEN that pursuant to Condition 4 (b) of the Notes, US\$ 1,000,000 principal amount of the Notes has been drawn for redemption on 8th August 1985, at the redemption price of 101% of the principal

On the 8th August 1985, the said redemption price will become due and payable upon each Note to be redeemed,

Payment of the Notes to be redeemed will be made on or after 8th August 1985 upon presentation and surrender

Bankers Trust Company, London Principal Paying Agent

together with accrued interest from 20th February 1985 to 8th August 1985 amounting to US\$ 288.75 per US\$

of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned

12175

5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue.

Net Asset Value per Ordinary Stock Unit 177p

82

U.K. Exports included

Total Profit before tax

been furthered by a number of acquisitions which includes the recently announced purchase of the Industrial Distribution Group of Clausing Corporation in the

GROUP'S PERFORMANCE"

result with a substantial profit arising from our trading activities.

ESTABLISHED 1834

amount, together with accrued interest to 8th August 1985.

The serial numbers of the Notes drawn for redemption are as follows:—

U.S.A., a leading distributor of machine tools operating

the 73.2% of the shares, not already owned, in F. Pratt

Engineering Corporation PLC, a manufacturer of

workholding equipment marketed internationally.

The results of last year showed a

marked improvement in the Group's

performance and this is still

continuing. Our order books

Ten Year Export Performance

Group Exports from the U.K.

1976-1985

are strong and we look to

further progress.

from coast to coast with strategically placed warehouses and selling through over 150 machine tool merchants, and

In his Statement on the 1985 Accounts,

Sir Jack Wellings, CBE, said:

UK COMPANY NEWS

Carclo profit expansion to £3.6m

ACTUAL results for the year ended March 31, 1985, from Cardo Engineering Group show that pretax profits have risen by 1887,000 to 32.59m. On a proform basis the growth is film.

Shareholders are receiving a better than forecast dividend. The final is 8.59, against not less than 59 indicated by the directors at the halfway mark, to give a stream of the state of the st

Goring Kerr surges to £1.25m

FOR THE six months ended
March 31, 1985 Goring Kerr, a
manufacturer of metal detection ing interest receivable of £36, systems, raised its profits before tax from £943,000 to £1.25m.

50

1984

\$000's

145.567

55,757

3,843

1,819

5.25p

162p

1985

s'0002

187,320

71.791

7,618

10,848

And with earnings showing an Available earnings came improvement of 37 per cent at through at £660,000 (£483,000) 11p (8.05p) the interim dividend after tax of £586,000 (£460,000)

Pre-tax profits were after add-ing interest receivable of £36,000. against a previous charge of £8,000.

lip (8.05p) the interim dividend after tax of £586,000 (£460,000) is being stepped up from 2.75p to 3.5p net per 10p share.

During the half year the group retained its dominant position in its main markets, improved its margins with the improved its margins with the help of local manufacture in North America and New Zealand be marketed shortly.

North America and New Zealand and developed new products.

In all, the directors are confident of another successful year's trading.

For the opening six months turnover moved from £3.39m to £3.78m and generated trading profits of £1.21m, compared with £951,000. Margins advanced from

duct change.

The group has also developed a foreign body detector which, along with metal, will find a wide range of non-metallic taminates, such as glass, and plastic.

The directors say this will have a substantial influence on the further growth of the group the further growth of the group since it will be required by many manufacturers as a complementary product to their present metal detection systems. They add that more significantly, there will be demand from industries and processors for whom metal only detection systems do not provide a full solution to their quality coutrol needs.

This new detector will have

This new detector will begin to contribute to the group's results towards the end of the

Second half advance-lifts Batleys to £2m

Second half taxable profits of Batleys of Yorkshire, cash and carry wholesaler based in Huddersfield, advanced from £1.00m to £1.3m and lifted the full year's figure to April 27 1985 to £2m, against a previous £1.69m.

Turnover rose from £160.58m to £175.2m

After 12 months' tax of £716,000 (£495,000) sarnings are shown as 10.76p (9.98p) per

On capital increased by last February's deferred share con-version, there is a final ordinary dividend, unchanged at 2p, which lifts the total payment to 2,625p (2,5p). Also proposed is a one-for-four scrip issue.

83 84 CITIFUN Financial Year Ending

The managed currency fund the gets results

since launch on 5th June 198

Citifunds' excellent results show the continuing advantages of investment in a managed currency fund,

In today's increasingly volatile currency markets, Citifunds can help investors profit substantially from all the opportunities presented by currency movements.

Investors enjoy wholesale money market rates of interest as well as professional investment skills from Citibank N.A. in London -voted the top bank with foreign exchange

> Other pluses: *No tax at source

*No tax liability till redemption *Low initial management charge *Shares redeemable by telephone at two days' notice

† Sterling converted return from 5th June 1985 to 1st May 1985.

traders for six years' running (Euromoney Treasurer Survey (1979-1984).

For a copy of the Citifunds Prospectus which is the sole available basis for investment, please contact Jane Hurley on Jersey (0534) 70334, or return the coupon below.

To: Channel Islands Transatlantic Investment Funds Limited (Citifunds), P.O. Box 349, Green Street, St. Helier, Jersey, Channel Islands. Please send me a copy of the Citifunds

Managed Currency Fund Prospectus and Application Form.

Citicorp International Bank Limited, an ex-

U.S. \$400,000,000



9th July 1985

The Kingdom of Belgium

Floating Rate Notes Due 2004

In accordance with the provisions of the Notes. notice is hereby given that for the Interest Period from 9th July, 1985 to 9th January, 1986 the Rate of Interest on the Notes will be 83/16% per annum. The interest payable on the relevant interest Payment Date, 9th January, 1986 will be U.S.\$10,461-81 per U.S.\$250,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London



Kingdom of Sweden

U.S. \$750,000,000

Undated Floating Rate Notes

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 9th July, 1985 to 9th January, 1986 the Undated Notes will carry an Interest Rate of 8516% per annum. Interest payable on 9th January, 1986 will amount to U.S.\$424-86 per U.S.\$10,000 Undated Note.

Morgan Guaranty Trust Company of New York London Agent Bank



Kingdom of Sweden

U.S. \$750,000,000 **Four Year Floating Rate Notes**

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 9th July, 1985 to 9th January, 1986 the Notes will carry an Interest Rate of 8% per annum.

Interest payable on 9th January, 1986 will amount to U.S.\$408-89 per U.S.\$10,000 Note.

Morgan Guaranty Trust Company of New York London Agent Bank



Results for the half year to March, 1985

3,477 1,934 974

Year it Sept. 1984 £'000

11,007 7,763 2,866 6,3p 18.4p

to March 1984 £'000

Profit after tex and mind Interim Dividend Penco per shan unings per share

4,088 2,263

984 2,3p 5.4p There was a modest improvement overall in scaffolding results but the major contribution is still coming from other activities.

The rising trend in the UK has recently been checked due to the exceptionally bad spring weather but it is hoped that results will improve again during the remainder of the summer.

Overseas, losses have been contained compared with last year and action to reduce them still further is being urgently pursued.

SGB GROUP plc Mitcham, Surrey CR4 4TQ

Acquisition behind Wight Collins increase to £1.5m

ings) for the company's sixth year ended April 30 1985.

Turnover for the 12 months results in expanded from £26.62m to be outs £36.27m while the taxable figure measure." came out at £1.48m, compared

The directors say that the The directors say that the figures are "even more impressive" as Biss Lancaster's results are from February 21 last. If they had been included for the full period, the directors state that group taxable profits would have been £1.78m. The last months of the 1984-

United Trust

Credit £3m

share issue

the la

at

THE ACQUISITION og Biss 85 year, and the early months Lancaster, public relations consultancy, coupled with strong of the current year have seen sultancy, coupled with strong both Wight and Biss enjoying organic growth, increased turnover by 36 per cent and pre-tax ness that positions the group, profits by 55 per cent at Wight the directors say, in a strong Collins Ratherford Scott (Holdposition for the year ahead. They add that they have every confidence that "our results in 12 months time will be outstanding by any

> After year-end tax of £7/5,929, against £330,000, earnings per 10p share are shown as 11.74p, compared with 9.75p—on a notional tax charge 12.42p (7.45p)—while the dividend is stepped up 0.75p to 2.75p. Ordinary payments will absorb £199,801 (£128,120) leaving leaving £551,873 (£146,766) retained.
> As reported last February,

Wight, which graduated from the USM to a full listing in September 1984, acquired Biss Lancaster for an initial £3.25m. Depending on profits performance, this figure could double, it was stated. Mr Peter Scott, managing director of Wight, said the acquisition represented the first stage of a diversification programme to broaden the group's interest in the communications

Clients gains during 1984-85 for Wight included Reckitt and Colman, Zanussi and DER, while since the year-end the company has gained Imperial Tobacco, Thomson Holidays and Danish Bacon.

Client gains for Biss, since acquisition, include Barker and Dobson, Boots and Fine Fare.

Heron Intl. achieves 26% profit expansion

By Stefan Wagstyl United Trust Credit, a fast-growing financial services group, is raising funds for the fourth time since it was founded in 1982 with a £2.96m share issue. The company is offering for subscription \$87.500 shares at 300p each. Its shares are dealt on its own over-the-counter market and on the London Stock

Exchange under rule 535, which allows for very restricted The company, run by Mr Richard Owen and Mr Geoffrey Simmonds, former executives of Bremar Trust, is forecasting profits of not less than £600,000 pre-tax for 1985, against £302,000 last year. It is also planning to double the dividend for 1985 to 10p, with 4p payable as an interim. Mr Gerald Ronson, the chair-

UTC has made a name for tiself sponsoring eight com-panies to the Unlisted Securities Market, four of them since the beginning of this year. It is also a market maker in some USM and OTC stocks, an investment and management con-

Mr Owen, said that the new funds, which would expand the group's net assets to £7.25m, He says the trade division conwould allow the company to ex-pand its corporate finance

activities.

The shares on offer have all been pre-placed with institutional and other investors, but UTC has the right to claw back 25 per cent of the stock to offer to existing shareholders.

Cent to £356m but the profit fell ment. The UK insurance company returned a record year.

At the year end, group shareholder, advanced further as a building efficiency and by optimum use efficiency and by optimum use shareholder is the Ronson for the stock to offer to efficiency, and by optimum use shareholder is the Ronson for the stock to offer to efficiency and by optimum use shareholder is the Ronson for the stock to offer to efficiency and by optimum use shareholder.

ONE OF Europe's largest private companies, Heron International, has continued its unbroken record of growth since the mid-sixties. For the year ended March 31, 1985, the profit before tax has moved ahead from £25.8m to £32.5m, an increase of 26 per cent.

Turnover of the group expanded from £887.7m to £885m and the gross profit topped £100m.

Valued at £30m over balance sheet value.

The management and control of the various motor related operations have been restructured. The communications side continues to consolidate its significant stake in the home entertainment and leisure market, says the chairman.

ded from £887.7m to £885m and the gross profit topped £100m, against £73.5m. Interest charges were up to £23m (£14.5m). The group is a trading, financial services and property undertaking. Its activities and interests in the UK are controlled and co-ordinated by Heron Corporation, and in the U.S. by Heron Financial Corporation.

man and chief executive who drew a salary of £449,000, describes the year as "another of considerable progress," and says the group is ready to respond to opportunities for expansion by acquisition as well as by the organic growth objective that have been set for the

tinued as a whole to perform satisfactorily in spite of con-tinuing difficult market condi-tions; turnover rose by 10 per cent to £336m but the profit fell

Sufficient working capital has now been committed to ensure that First Computer will be properly structured to meet as properly structured to meet as initial objectives of a nationwide chain of stores, and a further 15 stores are planned to complement the existing seven.

Profit in the property division shot up from £4.3m to £16.2m. The 32 stores acquired from Woolworth have all been sold, and the company also developed and sold over 20 retail sites in prime high street locations. By

prime high street locations. By the year-end the completed property portfolio stood at £275m and net rental income was at an annual rate of £16.8m. annual rate of \$165m.

In financial services it was another year of growth, with profits increasing to £20.5m (£16.4m). Prima Savings and Western American Financial

both operate in Arizona, which continues to provide a robust growth environment with increasing economic develop-ment. The UK insurance com-

Subsidiary costs put **Memcom** behind

THE broadening of Memcom International Holdings' customer base and the development of its manufacturing subsidiary, Memcom Electronics, resulted in the group increasing its turnover by 26 per cent from £6.01m to £7.55m in the year to April 30 1985.

After incurring costs of £1.18m (£288,000) at Memcom Electronics, group pre-tax profits were down slightly from £1.22m to £1.11m. The dividend is unchanged at 3.5p—the shares have been traded on the Unlisted Securities Market since Febru Securities Market since February. Dividends absorb £180,000 against £170,000. Stated earnings

against £170,000. Safett earlings per 10p share were down from 15.8p to 15p. Tax was down from £513,000 to £367,000, leaving attributable profits £45,000 higher at £747,000. There were extraordinary mosts this time of £196,000, being the costs associated with the introduction to the USM.

duction to the USM.

Memcom's systems integration
business reported its second
year of profitable growth with
turnover up 23 per cent to £7.4m
(£6m) and a contribution 25 per
cent higher at £1.9m (£1.5m). cent higher at £1.9m (£1.5m).
The directors yea these results confirm Memcom's continued strength in the Middle East
In January, the group acquired Automation Engineering Inc of Washington DC to further broaden its software capabilities

broaden its software capabilities and establish an existing customer base in the U.S. Shortly after its year-end Memcom announced its first ystem sales to a UK government agency. This, coupled with existing contracts and its sales offorts in the U.S., confirm the management's decision to expand its geographic coverage at the start of the year.

The board expects the current year to show the benefits of the group's commitments to the development of new products and services and its expansion

and services and its expansion to new markets.

Linread agreement

LINREAD has reached agree-ment in principle to sell its wholly owned Canadian subwholly owned Canadian subsidiary Linread Canada, to Surber Enterprises Canada in August 1985. The total consideration will be C\$100,000 cash payable in December 1986. Prior to this date, Surber will have the right to return ownership to Linread if they so wish. Subject to this and subject to the full discharge of existing creditors, Linread will receive in future years, repayment in cash for inter company loans and debts totalling C\$40,000.

Brake on progress at Bulgin in poor second half

THE progress seen at A. F. ing, and the company is still on Bulgin in the first half—this course to achieve the objectives electronic and electrical component manufacturer swung back into the black with profits of £208,00 at the interim stage—did not continue in the second six months and there were lesses out not continue in the second six months and there were losses of £20,000 to leave the pre-tax figure at £188,000 for the year ended January 31 1985, against £42,000.

The comparable figure was after additional depletion of oil and gas interests. No final dividend is being paid, leaving the total at 0.58p against the previous year's 0.77p final and 1.35p

The directors say there were two major factors beyond the company's control which outweighed the earlier signs of progress. Firstly, the sharp decline in the value of sterling against the U.S. dollar caused material costs to assess and material costs to escalate and eroded margins despite price rises.

Secondly, turnover, although improving from £6.9m to £8.84m, was hit by a fall off in demand for electronic products in the last quarter.

The chairman asys sales figures for the first quarter of the Stated earnings per 5p share current year are more encourag- were 0.36p against losses of 0.35p.

Spearheaded by the new management team at Cirkit, the company's electronic components distribution operations have, for the first time moved into profit and the company is continuing to build an increasing presence in this market.

Sales of traditional manufac tured lines are also improving and in conjunction with a pro-gramme of product rationalisation are helping to restore margins to more acceptable

Valuable ground has been gained in the continuing development of the power conversion division, including the addition of important new products and the establishment of new lines of distribution. The substantial investment in this division over the past two years should begin to provide a return during the next year, say the directors.

The creation of the power divi-sion incurred losses this time of £138,000, and group reorganisa-tion costs were £53,000 against £290,000. Tax was considerably lower at £87,000 (£140,000).

Whitecroft cuts borrowings

WITH INTEREST charges down 16 per cent to £619,000, White-croft—which recently reported pre-tax profits up from £6.24m to £7.46m for the year to March 31—is able to show group borrowings at only 20 per cent of shareholders' funds.

Mr John Tavaré, chairman and managing director—who retires from the group board in August and hands over to Mr Tom Weatherby, deputy chairman— says the success of the group has been achieved by focusing management direction on to the mainstream of activities concentrated in four divisions. Whitecroft is well set to continue and improve on its achievements, he

The textile division has con-tinued to develop its specialised products and capabilities and the necessary capital investment is being made. And for the in the current year "it is expected profitable that the division will produce planned.

improved profits," the directors

report.

The major advance in profit and turnover of the building supplies division was achieved in the first half of the year, after temporarily buoyant demand following the government's advance notice of the imposition of VAT on building repairs and improvements. The group aims to improve the division's effectiveness by broadening of the product range. Profit of the lighting division

advanced by 21 per cent. The division is aiming to achieve improved turnover in both home and export markets and increased profit in the current

In property development, which contributed £1.3m after only small profits in earlier years, a number of new commercial projects will be put in hand in the current year with several profitable investment sales

£50,000,000 Guaranteed Sterling/US Dollar Payable Lloyds Eurofinance N.V. (Incorporated in the Netherlands with limited liability) Guaranteed on a subordinated basis as to payment of principal and interest by

Lloyds Bank P.l.c. (Incorporated in England with limited liability)

In accordance with the terms and conditions of the Notes and the provisions of the Agent Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Plc, and Cilibank, N.A., dated July 2, 1980, natice is hereby given that the Rate of Interest has been fixed at 12% to \$5 p.a. The relevant Interest Payment Date is January 8, 1986 (making an interest period of 184 days), and payment will be made against Coupon No. 11.

The value of Coupon No. 10 payable on July 8, 1985 is US\$70.75

July 9, 1985, London By: Citibank, N.A. (CSSI Dept), Agent Bank

ENERGY RESOURCES & SERVICES INCORPORATED Net Asset Value

30th June 1985 \$7.11 per share (unaudiced)

STOCKHOLDERS FAR EAST

INVESTMENTS INC.

Net Asset Value

30th June 1985

\$2.59

per share (unaudited)

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FROM: Nicola Bankam, Publicity Dept Financial Times

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U.S. DOLLAR DENOMINATED 9! PER CENT. CONVERTIBLE SUBORDINATED BONDS 1996 ("THE BONDS")

NOTICE TO BONDHOLDERS

In accordance with the Notice to Bondholders published on May 15, 1985, notice is hereby given that proposals for the bonus issue and subdivision of shares were duly approved at the Annual General Meeting of Shareholders, held on May 31, 1985.

Accordingly:i) each holder of either A or B shares in the Company on the register at close of business on June 25 will hold three such shares, each of a nominal amount of Swedish Kronor 25:—, for each share of a nominal amount of Swedish Kronor 50:— previously held, each such share of Swedish Kronor 25:— to be of the same class and designated free or restricted in the same ner as the share previously held; and

ii) the adjusted Conversion Price applicable to the Bonds from and including June 26, 1985 will be Swedish Kronor 59:--Lidingö, July 9, 1985

AGA AKTIEBOLAG The Board of Directors

Chairmen and Chief Executives are our business.

These are some of theirs-

INVESTMENT BANKING PRIMARY GILT DEALING **COMMERCIAL BANKING OIL EXPLORATION** PROPERTY DEVELOPMENT **ELECTRONIC SYSTEMS**

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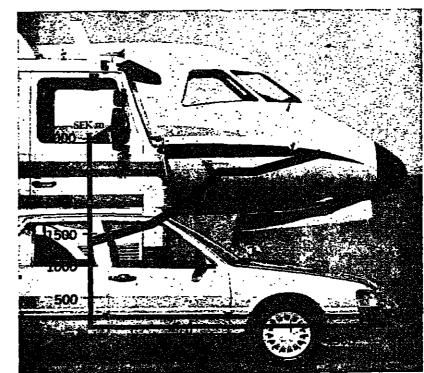
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Continued success for



ne bas risen to SEK 2.522 m during 1984 (SEK 908 m from fan-April. 535 May-Aug, 1,079 Sept-Dec) and by a furtber SEK 1,038 m for the period Jan-April 1985.

Sales in excess of SEK 10,000 m, +23% Income more than SEK 1,000 m, +14% Return on Assets 23.5% Income per share SEK 21,85

Summary of the Saab-Scania Group Interim Report January to April 1985. (Note: figures in brackets refer to the results for the same period in 1984.)

Consolidated sales for the Saab-Scania Group for the first four months of this year amount to SEK 10,257 m against SEK 8,313 m for the same period last year. This respresents an increase of some 23%. Sales outside of Sweden rose by 27% to SEK 6,411 m (SEK 5,051 m). This accounts for 63% of

23%. Sales outside of Sweden rose by 27% to SEK 6,411 m (SEK 5,051 m). This accounts for 63% of total sales (61%).

Operating income, after depreciation, rose by 19% to SEK 1,019 m (SEK 853 m). Net interest amounted to SEK 35 m (SEK -24 m). Income before extraordinary income and expenses improved by 14% to SEK 1,038 m (SEK 908 m), representing 10.1% (10.9%) of total sales.

The pre-tax return on total assets for the last twelve month period amounted to 16.4% (17.2%). Pre-tax return on total assets, excluding interest-free liabilities, was 23.5% (24.5%). Income per share for the period (after 50% tax) was SEK 21.85 (19.35).

At the Annual General Meeting held on April 25th, it was stated that the expected earnings for the Saab-Scania Group in 1985 will be at least the same as 1984. This forecast is still valid.

For further information, ring or write to: Saab-Scania AB, Corporate Communications and Public Affairs, S-58188 Linköping, Sweden. Tel. +4613180000.



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Notice of Mandatory Redemption

The Rural and Industries Bank of Western Australia ("the Bank")

A\$30,000,000 61/2 per cent. Guaranteed A\$/DM Bonds due 1987

1. NOTICE IS HEREBY GIVEN pursuant to the provisions of the Trust Deed dated 10th August 1972 constituting the above Bonds, that A\$3,000,000 nominal of the Bonds is due for mandatory redemption on 15th August 1985. 2. The serial numbers of the Bonds drawn for redemption are as follows:-

3. Interest in respect of the Bonds to be redeemed shall cease to accrue on the redemption date and will be payable to that

date in accordance with the Terms and Conditions Applicable to the Bonds. 4. Payment of principal will be made at the rate of A\$1,000 or, at the option of the bearer, DM3783.10 for each Bond. 5. Payment of Bonds to be redeemed in Australian Dollars will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the National Australia Bank Limited in London or, at the option of the bearer, at the main office of The Chase Manhattan Bank N.A. in

London ("the Principal Paying Agent") or at its other offices, or at the other banks, set out below. 6. Payment of Bonds to be redeemed in Deutsche Marks at the option of the bearer will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the Westdeutsche Landesbank Girozentrale in Dússeldorf or, at the option of the bearer, at the main office of

the Principal Paying Agent or at its other offices, or at the other banks, set out below.

7. FOR PAYMENT IN DEUTSCHE MARKS, THE BONDS AND COUPONS APPERTAINING THERETO MUST BE DEPOSITED WITH THE PAYING AGENT FROM WHOM PAYMENT IS REQUIRED (TOGETHER WITH WRITTEN INSTRUCTIONS, WHICH SHALL BE DEEMED TO BE IRREVOCABLE, THAT SUCH PAYMENT SHALL BE MADE IN DEUTSCHE MARKS) NOT LESS THAN FOURTEEN DAYS PRIOR TO THE DATE OF MANDATORY REDEMPTION. 8. Bonds and Coupons shall be surrendered at the following offices:-

The Chase Manhattan Bank N.A.,

National Australia Bank Limited, 6/8 Tokenhouse Yard,

London EC2R 7AJ.

One New York Plaza,

New York, N.Y. 10081.

Credito Italiano S.p.A.,

14th Floor,

Coleman Street, London EC2P 2HD. The Chase Manhattan Bank N.A., The Chase Manhattan

Bank N.A., 41 Rue Cambon,

Luxembourg.

Woolgate House,

Kredietbank S.A., Luxembourgeoise, 43 Boulevard Royal

Westdeutsche Landesbank Girozentrale, 56 Friedrichstrasse, 4000 Düsseldorf 1.

Banque de Commerce S.A., 51/53 Avenue des Arts, Brussels 1040.

Nederlandse Credietbank N.V., Herengracht 458, Amsterdam 1002.

Dated 9th July 1985

Piazza Cordusio,

THE RURAL AND INDUSTRIES BANK OF WESTERN AUSTRALIA By the National Westminster Sank PLC as Trustee

£2.5m roadwork for A. McAlpine

ALFRED McALPINE Construct negotiations with Kentish Homes. works at Hyndburn, Lancashire. Work involves the construction of 1.8 km (1.1 miles) of single and dual-lane carriageway for the and dual-lane carriageway for the Hyndburn link road and 0.4 km of associated side roads. Also included is the provision of a bridge over the river Hyndburn, the widening of an existing bridge, the construction of reinforced concrete box culverts for 300 metres and retaining walls for 100 metres under the mad for 100 metres under the road, lighting and landscaping.

ASHBY & HORNER has been awarded a contract to build a 66-bedroom hotel at Kingston-upon-Thames being developed by Anchor Hotels at a cost of over £2m. Scheduled to open in early spring 1986, the hotel is being built on a prime site on Kingston H31 and will incorporate the existing core building of the 100-year-old George & Drazon public house. The main feaure will be a central landscaped courtyard around which are located the around which are located the conservatory - style French restaurant and bedroom wings.

ROTORK CONTROLS of Bath, Avon, has won contracts valued at nearly £200,000 for electric valve actuators for use on the second phase of the Bombay water and sewage project, India. Nearly 200 "Syncropak" Nearly 200 "Syncropak" actuators will control butterfly and sluice valves being supplied by Indian valve makers Perfect Engineering. Bombay. and Kirloskar Brothers. Pune, and UK sluice gate manufacturers Baker, Warley,

BICC-CITEC, the Swindon-based electronics company, has won a £750,000 export order to supply thick film technology to China. The contract has been signed with the state-owned Hong Xing. Radio Elements & Materials Factory in Shaanxi Province north central China. CITEC will supply both the equipment and technological training to enable the factory to manufacture a 18 mm cermet trimmer. CITEC will supply a range of pro-prietary and custom-designed fully automated equipment for parts manufacture, thick film screen printing, substrate value measurement, final assembly and

Troy Construction has commenced the construction of a £438,000 four storey office block at 401, Mile End Road following 925 sq metres of office space.

has been awarded a contract
Troy Construction is erecting
almost £2.5m by Lanca
County Council for roadcompleted Kentish Homes Housat Hyndhurn I appearance ing development known as Eaton Terrace in Hackney. The contract is programmed for completion in 46 weeks.

> WILTSHIER CANTERBURY has won a tender worth £1.1m to build a single-storey building in build a single-storey building in the Customs area for Dover Harbour Board. Work starts shortly on the 36-week contract and completion is due during March 1986.

Lesser Design and Build, based at Teddington, has started work on phase one (£4.9m) of a design and build contract for Capital and Counties, at Chandler's Ford. Hampshire. The complete development will comprise 176,000 sq ft of lettably office space. The design, undertaken in conjunction with the Hedley Greentree Partnership, is a campus-style development with extensive landscaping. The first phase has already been let to B and Q, the DIY group, for first phase has already been let to B and Q, the DIY group, for its headquarters. Completion is scheduled for November 1986.

The company has won contracts totalling nearly £1.5m for construction work in the north

west. Project management com-pany Lamdec has awarded a contract for structural work at a chemical plant near Liverpoor The project covers internal and external foundations and erection of steel-framed buildings at the Petrolite complex on Kirkby Industrial Estate. It is part of a scheme aimed at expanding and modernising the plant's production capability. Fair-clough's Swinton-based western division is also building a research and development centre at Gadbrook Park, Northwich, for Osborne House (Gadbrook) The two-storey steel-framed office and laboratory block is

Fairclough Building has also been awarded a £465,000 contract for the construction of three storey offices in St James Road Surbiton. Being carried out by the building service department of Fairclough's southern diviof Fairclough's southern divi-sion, the thirty-eight week pro-ject is due for completion in December this year and pri-marily entails the erection of a reinforced concrete frame build-ing on piled foundations, with flat slab floors and reinforced concrete roof for client Stowart concrete roof, for client Stewart Nairn Group. When completed, the building will provide around

scheduled for completion

Allied Colloids board posts

is appointed production director intermediates and flocculants); Mr G. McGrow, sales director (flocculants); Mr C. N. Bowes, (non flocculants); Mr A. S. Major, engineering director, and Mr K. M. Watte, administration director, (including personnel) director (including personnel).

Mr G. H. Popbam has been appointed chairman and Mr I. P. Sedgwick. chief executive. of SCHRODER INVESTMENT MANAGEMENT. Sir Richard Baker Wilbraham, Mr J. A. de Havilland, Mr C. J. Govett, Mr J. A. Hill, Mr D. J. Mumford, Mr K. M. Niven, Mr A. M. Agrotis, Mr D. Duncan, Mr W. R. Eyres, Mr R. E. Hills, Mr P. A. Leonard, Mrs J. Pain, Mr K. H. Pearch and Mr A. W. Sugden have been appointed directors. appointed directors.

Mr Peter Swingler has been appointed a director of BAR-CLAYS MERCHANT BANK. Mr Bill Grant, Mr Peter Hornby,

ALLIED COLLOIDS has Mr Howard Paget, Mr Paul made a number of appointments Roberts, Mrs Kaye Squires and to the board: Dr D. B. Anderson Mr John Varley become assistant directors.

> P-B SECURITIES, DOWN, DE P-B SECURITIES, DOWN, DE BOER AND DUCKETT, a mem-ber of the Stock Exchange, has appointed Mr Reger Mess and Mr Christopher Philips assistant directors. Mr Moss became an institutional equation directors. Mr Moss became an institutional equity salesman with Montagu, Loebl, Stanley in 1950, and subsequently with Grieveson Grant. Mr Phillips joined Montagu, Loebl, Stanley in 1978 as a financial analyst and head of research, moving to Grieveson Grant in 1983.

> Mr John Reid has been appointed to the newly-crewed position of director of customer services at PRESS COMPUTER SYSTEMS of Wolverhampton. He was systems manager at Prestwick Circuits;

Mr Malcolm Whitney has been appointed a director of BDP PROJECT MANAGEMENT.

The European Banking Traded Currency Fund Limited

NOTICE of the FIRST ANNUAL GENERAL MEETING of areholders to take place on the 31st day of July, 1965 at 11 am.

NOTICE is hereby given pursuant to the Articles of Association of The European Banking Traded Currency Fund Limited ("the Company") that the First Annual General Meeting of the Company will take place on the 31st day of July, 1985 at 11 am at EBC House, 1-3 Seale Street, St. Helier, Jersey, Channel talands for the purposes of considering and if thought fit, passing the following Ordinary

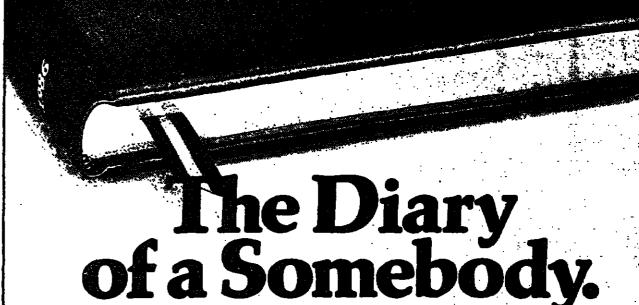
1. That the Financial Statements for the period ended 31st March, 1985 together with the Report of the Directors and the Auditors hereon be received, approved and adopted.

That Messrs. Coopers & Lybrand who have signified their willingness to continue in office be and are hareby appointed the Auditors of the Company until the conclusion of the Second Annual General Meeting of the Company and that the fee payable to them in respect of the year to 31st March, 1986 be determined by the Directors.

> By order of the Board EBC Trust Company (Jersey) Limited

Dated the 9th day of July, 1985.

The holder of a Confinential Depositary Receipt ("CDR") may exercise his voting rights by depositing the CDR at the office of Amelendam Depositing Company N.V., 172 Spurstreat, 1012 VT Ameterialm. The Netherlands (the "Depositary") and by instructing the Depositing as to the exercise of the voting rights attached to the Shares evidenced by such CDR, in the absence of such instructions, the Depositery will exercise : from doing so, as it thinks fit in the interests of the helder.



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vocabulary. And to help you find your way around, use the 48 page World Atlas or the city centre maps of 15 of the world's major business centres.

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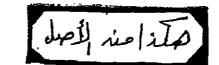
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FT COMMERCIAL LAW REPORTS

Bank cannot recover debt twice

BARCLAYS BANK PLC v WILLOWBROOK INTERNA-TIONAL LTD AND OTHERS Chancery Division: Mr Justice Walton: July 1 1985

WHERE A debt is assigned by the creditor to his bank to secure his own indebtedness, the assigned debt is discharged if money belonging to the debtor is paid to the original creditor with the intention of effecting a discharge and is immediately transferred to the bank which sets it off against his indebtechness knowing that it emanates from the deptor.

emanates from the deptor.

Mr Justice Walton so held when dismissing Barclays Bank PLC's claim for a declaration against the defendants Willowbrook International Ltd, Castle Hughes International Farms Ltd and Castle Hughes Farms Ltd, that a secured debt owed by the two latter companies (the "farm companies") to Willowbrook and assigned by Willowbrook to Barclays, remained outstanding.

emanates from the deptor.

assigned by Willowbrook to Barclays, remained outstanding.

* * * *

HIS LORDSHIP said that by mid-gummer 1982 Willowbrook. In the meantime the selling agent had been pressing for payment of the considerable arrears of commission due to it from willowbrook. The arrangement with Mr Hughes and to its Swiss selling agent.

It had taken a morrgage and charge from the farm companies to becure its lending to them, and had been forced to submortgage and sub-charge those securities to Barclays. It did have a very considerable sum due to it as the result of sales in Ghana, but that was blocked by exchange controls because Ghana did not have the hard currency to make the payments.

Mr George Hughes, chairman of the holding company of Willowbrook are and the arrangement with Mr Hughes are they had we obtained its release. Mr Hughes adding the to take Barclays fully into its confidence in that the selling agent had been pressing for payment of the considerable arrears of commission due to it from Willowbrook. The arrangement with Mr Hughes are they obtained its release. Mr Hughes and the selling agent had been pressing for payment of the considerable arrears of commission due to it from Willowbrook. The arrangement with Mr Hughes are from Willowbrook arrangement with Mr Hughes are from Willowbrook are fro

of the holding company of Willowbrook and the company operating in Ghana, conceived a scheme to get the money out of Ghana.

deposited the amounts due to else with the money, save make Willowbrook in local currency provision for payment of the with its bank, the Standard bribes. Bank, in Ghana, That passed it on to the Bank of Ghana, The exchange rate was then fixed but

on July 27 1982 the Bank of Ghana confirmed the release of £669,282 of the moneys due. The money was remitted first to Standard Chartered Bank in Leicester which, after deduction of charges, remitted it to the Swiss Bank Corporation for the benefit of the selling agent's account.

payment of the considerable arrears of commission due to it from Willowbrook. The arrangement with Mr Hughes was that the money from Ghana should be used to discharge pro tanto sums due to the selling agent on condition that it lent an equivalent amount to the farm companies with their promise of security to follow.

That was intended to relate to the possibility that the farm companies would give the selling agent the security held by Barclays after they had obtained its release. Mr Hughes

the possibility that the farm in peril companies would give the selling agent the security held by was on the Barclays after they had obtained its release. Mr Hughes assignee.

bribes.
It stuck to the bargain and did advance £669,282 to the farm companies by means of a cheque drawn in favour of Mr Hughes. That, submitted Mr Brindle, was exactly what happened in

Mr Hughes resolved to get the money out by means of "kickbacks" or bribes, to suitable Ghanaian officials. They were only prepared to co-operate if the money was routed via Switzerland. The Swiss selling agent had been used for that purpose before.

Mr Hughes discussed the matter with a Barclays branch director in London, who found the payment of a bribe distasteful but was prepared to allow the proposed scheme to proceed without objection. At no time had Barclays given notice of its fixed charge to anyone in or outside Ghana.

On July 27 1983 the Bank of

The present action was between Barclays as sub-mort-gagee and sub-chargee against the farm companies as original mortgagors and chargers, for a declaration that their debt remained outstanding and that the mortgage and charge remained in full force.

The moneys naid were the

The moneys paid were the property of the farm companies, and were intended by them to discharge their debt to Willowbrook.

Mr Price, for Barclays, argued that as the debt had already been assigned to Barclays the farm companies had paid the wrong person — the assignee. That person [Willowbrook] paid the moneys to Barclays which had set them off against Willowbrook's indebtedness and, so it was argued, the whole transaction had no effect on Barclays; claim under the assignment.

Accordingly, although in one sense the farm companies undoubtedly paid the "wrong person," since that money, to Barclays' knowledge, emanated from them and found its way directly to Barclays, they had discharged their indebtedness and the mortgage and sub-morther than a signed. Even if the situation had been totally unknown to Barclays, in

e the payments.

leorge Hughes, chairman holding company of borook and the company of in Ghana, conceived a to get the money out of Ghana company had ed the amounts due to brook in local currency lis bank, the Standard in Ghana That passed it There was nothing in any of the selling agent to do anything else with the money, save make provision for payment of the bribes.

Barriays alter to take Barclays for example, if the debtor paid the original assigner who immediately handed the money over to the assignee saying something like "I assigned Jones's the selling agent to do anything else with the money, save make provision for payment of the bribes.

Barriays alter to take Barclays for example, if the debtor paid the original assigner who immediately handed the money over to the assignee saying something like "I assigned Jones's the selling agent to do anything else with the money, save make provision for payment of the bargain and did in Ghana That passed it the still and the original assigner who immediately handed the money over to the assignee saying something like "I assigned Jones's the selling agent to do anything else with the money, save make provision for payment of the bargain and did in Ghana That passed it the suck to the bargain and did in Ghana That passed it to claim the debt original assigner who immediately handed the money over to the assignee saying something like "I assigned Jones's the form accompany of the provision for payment of the bring assigner who immediately handed the money if the debtor of the assigner who immediately handed the money over to the assigner who immediately handed the money if the original assignor who immediately handed the money over to the assigner assigner.

For example, if the debtor of the debtor of the debtor of the paid the original assignor who immediately handed the money.

The action was dismined its release.

For the farm company being by the farm companies to work the assigner who immediately handed the money. recover the money.

That, submitted Mr Brindle,

He endorsed the cheque over to Willowbrook, and it was duly paid into Willowbrook's account with Barclays.

The same pattern was followed with a second remittance from Ghana, and a third.

From the water of the debt in three tranches from the farm companies, Willowbrook paid the money over to Barclays Bank.

The question

money over to Barclays Bank.

The question was whether, when the money was paid by Willowbrook to Barclays, Barclays knew that it was in fact the farm companies' money. If it did, such knowledge must, in the circumstances of the case, be equivalent to the missing conversation. There would certainly be no other reason why the farm companies should be making such a large payment into Willowbrook's account.

Barclays' statement of claim.

Barclays' statement of claim, as amended, asserted that the moneys came to Barclays through the farm companies. It must therefore be assumed that it knew what was happening. It did not assert ignorance, but that the whole transaction but that the whole transaction was a incorrect. Accordingly, although in one

Even if the situation had been totally unknown to Barclays, in the circumstances of the particular case, once the true facts had come to light effect must be given thereto. Barclays had suffered no detriment whatsoever as a result of what happened and it would be strange in the extreme if it were entitled to a wholly uncovenanted bonus being able to claim the debt

By Rachel Davies

F.T. CROSSWORD PUZZLE No. 5,764

ACROSS

land 4 When sun is at the highest? (6, 8) 10 Inn ragged, perhaps, carried out in 1 across (9)
11 In which shots are seen?

(5)
12 Ramblers follow it with soft hat tilted (4)
13 Urban newsmen responsible for water works? (4, 6)
15 One gives vain display—the performance is cancelled (4-3)
16 Mercy! A variety like ices?
(6)
17 In the tilt like held lights in net (5)
18 In met (6)
19 In met (6)
14 Man, lackaday, takes shelter at the races (5, 5)
15 Demo—all me being built up. (Atlas?) (4, 5)
18 and 22 Holiday-makers seek them—the bright heights, we hear (3, 5, 6)
20 An age occurred when tool

(6)

19 On the tilt-like half lights
20 An age occurred when tool had to give out when lifted

21 Pinch the bit on showing furtiveness (?)

23 Hordes of girls helping in busbandry! (4, 6)

25 Birds coming between them and us (4)

27 Partly some doctor's orders. Wine! (5)

28 Famous for courtship in 1

21 Stock of animals in hanges of Surrey is covered in vapour (6)

22 See 18

24 Use elbow, e.g. with horse coming up (5)

25 Sky in 1 across? (4)

SOLUTION TO PUZZLE

Wine: (5)
28 Famous for courtship in 1
across (9)
29 Society has little match at
Lord's? Most pleasant (8)
30 Famous for 1 across rows
(6)

1 Ramblers look for it, put their name to letters (8) 2 Popular races on tarmac, mostly—sh!—it's changed (8)
3 Where -10 originally took place? (4)
5 Produced by living plants in cargo maybe (7) 6 Experienced by holiday-makers. They come on to land (3, 7)

7 One doctor, upper-class (and English) to inspire (5) 8 Men he's converted to catch in net (6)

(6)
21 Pinch the bit off showing (4.3)
21 Stock of animals in fringes
21 Stock of animals in fringes

No. 5,763



FINANCIAL TIMES

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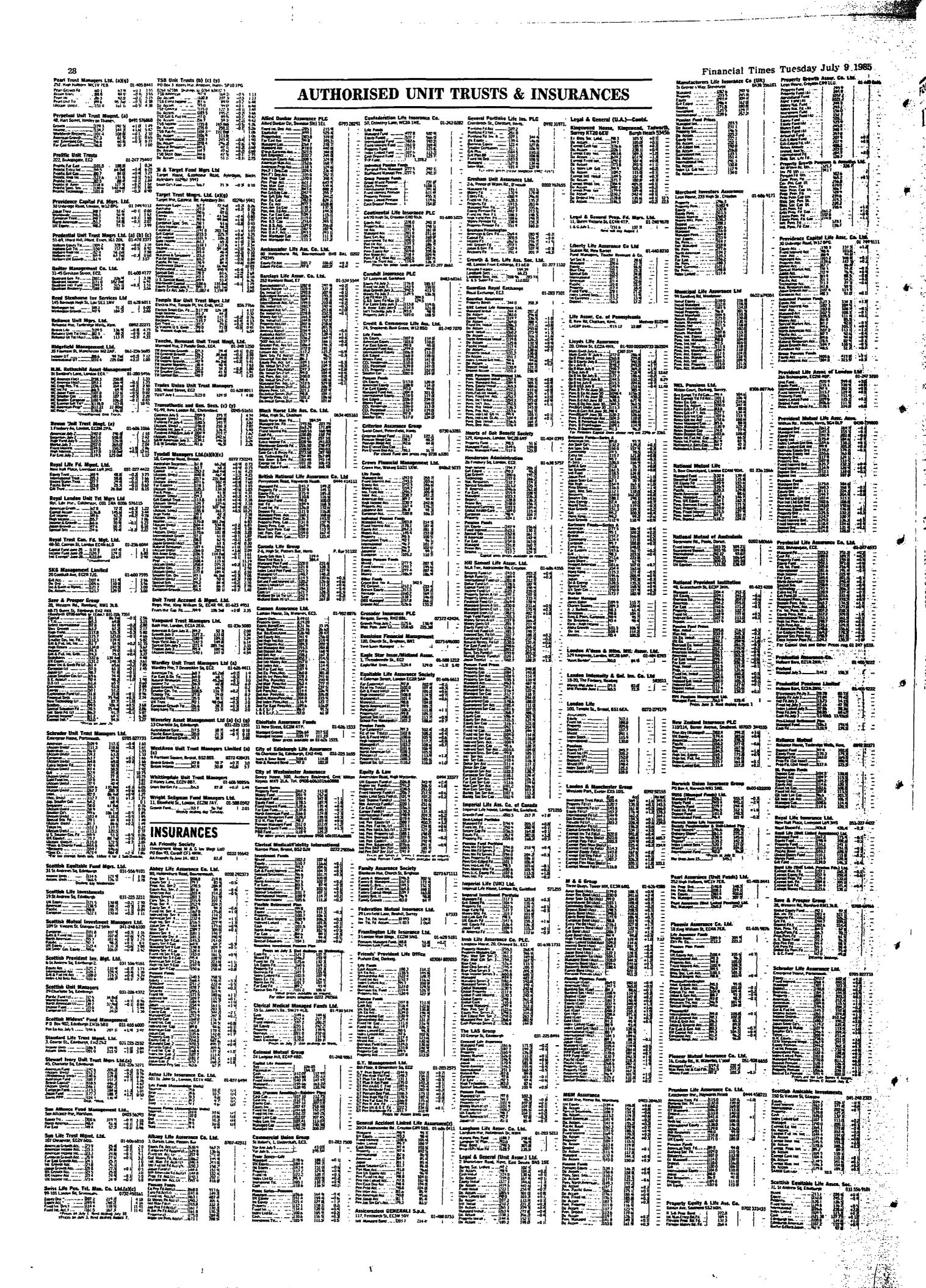
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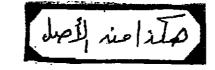
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(Access, Units) 94.8 97.8 0.96	Fidelity International Management Ltd. River Walt, Torbridge, TM9 10Y. 0752 361144 American Ltd. 2558 91.81 +0.21 1.81 American Ltd. 2558 91.81 +0.21 1.81 American Ltd. 2558 91.81 +0.21 1.82	Kry Feed In. Fo	Mentage Unit Trust Highs, Ltd.
(Access Vers)	Amer. Spac Sqs (r)	KB UK Entyles (10fe-1) 20.6 22.0 +0.2 2.2 KB UK Entyles (10fe-1) 33.3 35.6 +0.3 2.2	11 Decorate Square, Logor, EC2M 4710, U1-626 3434. Desing 01-629 4273 God & Pret. Metals
Biskopsgate Progressive Mgmt. Co. 66 Hobom Viadaci, ECIA 2DR. 01-248 4000	Gri & Freed in 28.7 76.34 +0.1 10.04	105 For Yorks. 105 2 101 4 101 100 100 100 100 100 100 100 1	(Arram Upp)
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	10-14, West Niz Sweet, Glasgow. 041-204 1321 1 Frailey Intervital — 18-25 47-22 — 1 1-49 Access Livrits — 190.1 86.1 — 1.49 Access Livrits — 190.5 57.5 57.5 — 7.36 Felax Wist Energy — 15.3 16.4 — 2.49 Access Livrits — 221.1 224 — 2.49	K8. No Certh Inc. 16.6 52.0 0.1 16.8 16.0 16.1	Miguray Johnstone U.T. Migut. (2) 163, Hope Street, 6128920, 62 2UK. 041-221 9252
Berrain Capital Fd 1935 97 4 100	Amen Untr	93 George St, Edinburgh, EH2 3.H. 031-225 4900 LAS 480. Growth Yet 27.7 29.9 -0.5 28.6 Hzs Hzgar Lagrage Ytt. 00.2 32.6 -0.3 28.6 LAS Hz, American Equity 28.9 31.28 -0.1 1.5 UK Cacher Yet. 00.0 31.22 -0.1 3.9 3.25 -0.1 3.5 UK Cacher Yet. 00.0 31.22 -0.1 3.9 3.25 -0.1 3.0 3.25 -0.1 3.25 -0.	Smaller Cox, July 5
Brewn Let Go let Fd	Robert Fleming & CO Ltd 8, Crushy Square, EC3A bAN. 01-638 5858	L & C Unit Trest Management Ltd.	Managed Extract" July 4 157.6 166.5 3.26 SE Ana Farret July 3 1137 119.4 2.72
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World Tech 38.1 40.6 0.91	F.P. Eastly Units	Australian 1975 109.0 - 340 European 1820 1930 - 230	Special Trust
Am Smaller Co	Funds in Court* Paging Trustee, Numerical WCZ. 01-405 4300	Property 2260 0 In & Crows Property 400 1010 Index-Laded Mortgape ELLES 118.4 Legal & General (Unit Tat., Magras) Ltd. 5 Rayleign Rd, Brestwoot. 0277 217238	letters Sent Front 179 0 85 Ld +0.1 120
Hang Kg Perlands	Gross July 4	State of the section	
Exempt0.2 4.65 Ex Ma. Ldr0.2 3.63	EAM Starling Management Ltd (inn. Mingri. Globol Asset Mingr. Ltd.) 12 St. James's Plaze, London, SWL 01-493 9990 GAN ES int. July 5	Leonine Administration Ltd. 20, Castrali Ave, EC2R 7JS. Leo Destroutes 1998 2098 201-600 7595 Leo Destroutes 28-3 254-4 000	President Accent. Sept. 10.0 10.0





Recovery in diamond sales Cocoa pact is forecast to continue

and industrial diamonds rose in latest period.
the six months to June 30, The organisation has mainccording to De Beers' Central Selling Organisation, which handles the marketing of over four-fifths of world production. The increase in terms of the U.S. dollar, the currency in which diamonds are traded, was of the order of 25 per cent to \$837m, compared with \$668m in the second half of 1984.

In the absence of the tradi-tional big post-Christmas re-stocking, however, the CSO's sales were 11 per cent below the level of the first half of last

The weakness of the South African rand against the U.S. dollar meant that in terms of the rand, the important currency for the CSO's parent company De Beers Consolidated Mines, sales totalled R1.68bn, a rise of 49 per cent over the second half of 1984 and 42 per cent chart that for the first half cent above the first half.
The CSO said yesterday that

e level of sales was satisfactory." Last year's substantial increase in sales during the first-half was followed by a decline in the closing stages of the year, in demand for the better and in order to avoid this the CSO has deliberately tried to CSO said yesterday.

SALES OF rough (uncut) gem contain demand during hte tained what it describes as its policy of "selective allocation," which means that it is trying to ensure that the manufacturers

who attend its five-weekly DIAMOND SALES

1,676 1,126.0 2,306.0 950 0 811.0 1,771.0 605 5 724.1 1,359.6 747.5 501.0 1,249.4 1,267.2 874.4 2,141.6 1,985.4 1,106 2 2,191.5 1,063.5 1,155.4 1,218.9 943 4 859 3 1,802.7 681 9 670.0 1,351.9 355.1 438.4 793.5 529.5 313 6 849.4

"sights," the main buying opportunities during the year, are only allocated stones which they can be sure of selling.

This has helped to bring about a further reduction in stocks held in the principal cutting centres of New York, Antwerp, Tel Aviv and Bombay.

There has been a broadening

maintaining a cautious sales policy, even though the market seems to be improving, and this in contributing to the steadier nicture. There is no expectation that the increase in the latest period will be followed by a

decline in the second half, as was the case last year.

In fact, the CSO is expecting its efforts to result in a further increase in sales between now and December, reversing the

deckine in sales during the closing six months of 1984 was a large influx of good quality polished stones from the Soviet

Another problem the CSO has had to face in recent months is the possibility that Zaire may decide to sell its diamonds on the open market, rather than through the organisation.

Although Zaire is the largest single volume supplier to the CSO, the bulk of its output com-prises the lower-value industrial

material, so any defection would be largely a blow to the organisation's pride. Negotiations have been dis-rupted over the past week by the country's independence cele-

normal pattern. One factor behind the steep of calling another round of LONDON METAL EXCHANGE WAREHOUSE STOCKS

(tonnes) +1,150 to 122,900 +1,300 to 115,600 -225 to 35,400 -30 to 5,538 -380 to 22,570 -150 to 34,900 Nickel -390,000 to 50,126,000

(Changes during week ending july 5).

extension

meeting

negotiations on a new ICCA. No decision emerged from that sesson, but members are generally expected to make a final attempt to reach a new pact by the first quarter of next

year. Delegates are likely to decide next week to extend the existing agreement, which has no powers to intervene in the market, for at least six months, ● BASE METAL prices dropped in varying degrees on the London Metal Exchange yesterday in the face of sterling's climb against the dollar, with nickel leading the way down with a £127.50 fall to £3,760 a

Zinc also continued its recent bear trend, dropping £16 atome to a 23-month low of £545. Traders said, however, that tin and lead held remarkably steady in sterling terms considering the UK currency's rise. Copper was down £16.50 at £1,061 a tonne.

● TEA PRICES declined further at vesterday's weekly London auction

Farmer's Viewpoint: by John Cherrington

Options for limiting grain output

By Our Commodities Staff

COCOA officials from producing countries yesterday began a two-week meeting which will consider whether to extend the existing International Cocoa Agreement (ICCA) for up to the local and the cocks and in an attempt to make up for the lower price on his non-favoured output by or 8 bushels." She was not increasing total production, so are aging up his returns. This was well illustrated in Britain during the early 1960s when milk output was restricted by the standard quantity.

existing International Cocoa Agreement (ICCA) for up to another year in the absence of Wheat Board was limiting deliveries from farms drastically. Several farms I visited had huge mounds of grain up to several years old for which there were no outlets at the a new pact to replace it. The meeting of the Inter-national Cocoa Organisation's governing council follows three days of consultations last week in which producers and con-sumers explored the prospects Few farmers could afford to

exist without some sales and a exist without some sales and a black market had grown up. There were wheat buyers, the operators of feed lots for fat-tening cattle for instance, and their price was \$1 per bushel for wheat, about half the price paid by the Board when the wheat was delivered through legitimate channels. So at the time farmers were operating a system where the prime cur-rency was wheat. I was told that everything from college fees to groceries could be settled in this way and there was very little the Board could do about

What brought all this to mind was reading accounts of the EEC Commission's pro-posals for reforming the cereal

market.

The point about price reductions is that they would lead to every farmer doing his best to increase his own output so

ted by the standard quantity system. This effectively reduced the average milk price to all farmers to which they re-sponded by pushing up output. Lord Soames, then Minister of Agriculture, indicated that he would favour individual farm quotas. But to this a majority of farmers said no. They saw the benefits of averaging up their production. Ironically enough although they screamed like mad when milk quotas were imposed last year it is probable that a referendum

among them now would prob-ably approve the system. The objections to a quota system for grain centre on the difficulty of policing the market. If there was a certain price for a proportion of the farmer's grain at what point would it be paid? Would it be on the first sale off the farm to a merchant or mill? What about he first farm sales which could leave one farm and time. could leave one form and turn up from another and be classed as the latter's production? It is easy enough to control milk sales through the marketing

In the short term of course the EEC cereal management committee can do certain things as part of its mandate without asking the Council of Ministers first. One of these could be to raise the standards, particularly of wheat which are acceptable either for intervention or export subsidy. If for instance the specific weight standard for wheat was raised from 68 kilos a hectolitre to 74 it would probably cut offers to this outlet by at least half the present quantity. But this would cause chaos on the UK market and would, of course, stimulate farmers to grow the higher quality wheats in subsequent

The present low quality of British wheat is causing serious problems including the virtual stagnation of sales out of intervention. It is probable that more than half of UK harvested wheat is of varieties classified as feed or in the true that wheat is of varieties classified as feed grain. It is true that intervention prices for feed wheat and barley are the same but export restitutions are very different. In general wheat refunds this year have been half and a third those of barley, so in general only the higher quality wheats have been exported.

There is, it is true, a category of bread wheat which carries a Boards but to try and do the same with cereals which can higher intervention price than pass through several different down for this and the interpre-

Government makes it a very difficult option. Two other factors are aggravating the wheat problem. The weakening of the U.S. dollar and an expected increase in feed grains in the world market. It is probable that feed grain restitutions will have to be at least £35 per tonne to match U.S. maize and Canadian barley.

I was talking about these matters to international traders the other day and one of them pointed out that although in the early 1970s they never thought things would get better within four years the Russian grain purchases had revolutionised. the situation making cereals scarce and dear. But the crucial factor was that the U.S. had been running a programme of set aside or taking land out of production for many years which had kept output down.

Of course with the policy of price restraint favoured by the UK and sectors of the Commission the authorities hope to squeeze out marginal cereal acreages without the odium of direct control on areas sown. But the problem here is that there is very little difference today in yield between land con-sidered inherently fertile say grade one and say grades three and four thanks to modern methods. I still believe that only a physical limitation of the area of production will ever control grain output to accept-able levels.

Opec discord hits oil prices

BY DOMINIC LAWSON IN LONDON AND RICHARD JOHNS IN VIENNA

day weakened on both sides of the main North Sea crude, were forthcoming Geneva meeting. the Atlantic as the market registered its disappointment at the complete lack of progress August chimment at the complete lack of progress at the complete lack of progress August shipments were traded at the Vienna meeting of oil at \$26.10, a fall of over 15 cents.

Opec ministers will reconvene Exporting

of Petroleum Exporting Countries (Opec).

On the New York Mercantile Exchange, prices for August delivery crude oil were steady, but all subsequent months showed losses, ranging up to 40 cents a barrel. The European market was more muted in its reaction to Opec's deadlock in its attempt to forge a more rational system of production in Geneva on July 22, at which time, they will once again attempt to devise a more work-Saudi Arabia had threatened to "go to the market" with its oil if Opec did not reach such an agreement in Vienna. But Saudi Arabia's oil minister, Sheikh Yamani, has given assurances to his Opec rational system of production

Opec ministers will reconvene in Geneva on July 22, at which

ducer Mexico has now let it be known that it will review its commitment to support Opec prices in the next few days, on the basis of the markets reaction to Opec's deadlock.

Oil traders pointed out that with Opec countries producing as little as 14m barrels a day, compared with its official ceil-ing of 16m barrels a day, prices for oil for prompt delivery were firm. But future prices show a marked downward curve lead-ing into the next few months,

Refco acquires New York futures group

BY CHRIS CAMERON-JONES IN NEW YORK

REFCO. the Chicago-based busi- concerned involve 500 staff and Hong Kong joint venture, arbitrage, brokerage, foreign
Wardley-ACLI Commodities.
The price was not disclosed
but was said to be in excess of the use of futures, options and the value of the businesses on related instruments, Mr Grant DLJ's books. The businesses said.

ness risk management firm, has three main offices in Chicago, acquired the businesses of DLJ London and New York. The futures group, part of Donaldson, Lufkin Jenrette, the New REFCO's expansion aimed at New York. York investment banking and making the company one of the securities firm. The deal world's foremost providers of excludes the British-based financing and financial manage-ACLI Metals (London) and a ment, financial strategy services,

The ACLI Metals business did the 28 ring-dealing member not fit in with Refco's strategy companies on the London Metal he said adding that Refco would Exchange. It was emphasised be maintaining a working relationship with the Hong Kong ioint venture. Refco is one of the largest risk management firms in the

Commodities Editor Onr The official announcewrites: ment of the Refco takeover ends should now be able to provide the intensive speculation its subsidiary with more recently in London about the resources following the disposal

CRUDE OIL (LIGHT) 42,000 U.S. gallons,

26.31 25.83 25.50 26.21 24.95 24.70 24.40 24.21 24.10

GOLD 100 troy oz, \$/troy oz

Exchange. It was emphasised yesterday that Acli Metals' position on the Exchange was unchanged and indeed strengthened. Acli will not have to seek re-election as a ring-dealing member, since its parent company, Donaldson, Lufkin, Jenrette, remains the same and future of Acli Metals, one of of the futures trading arm.

T)

Close High Low (7.87)
61.44 61.47 61.00 60.96
61.30 61.83 61.35 61.35 61.35 August 58.12 39.80 58.66
62.65 62.85 62.35 82.35 Oct 59.65 60.20 58.66
62.65 62.85 62.53 62.55 Dec 62.07 62.40 61.66
69.10 59.20 59.10 58.85 April 63.40 63.85 63.25
68.60 58.70 59.25 88.38 Jury 64.10 64.35 64.10

PORK BELLIES 38,000 lb, cents/lb

68.40 68.20 66.05

MAIZE 5,000 bu min. cents/66lb

Prey 124 7 727 3 131.5 132.8 138.8 141.2 146.0 149.2 152.0

Low 125.0 127.2 130.0 132.0 137.7 140.5 144.0 150.0

LONDON MARKETS

Unofficial + or High/lo

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	close(p.n	tonne	
Cash 3 months	745-6 767-8	12,75 12,25	785/764
(7645), Settlement Close: 766-		hs 772-3 14.5). Fil	sh 748-1 (7865) nal kert

COPPER

Cash 1088 61.5 -15.1 1071/1069.5 Three minths, 1072.5 ; -15.1 1087/1089.5
Official closing (am): Cash 1067-8 (1061-3), three-months 1067-9 (1078-9). Settlement 1059 (1063).
Tumover: 16,250 tonnes. U.S. Pro- ducer prices 65.625/68 cents per pound.
Cathodes 1043 6 —8.5 1958:1958 Three minths 1057-60 —18.5
Official closing (am): Cosh 1069.5-70.5 (1080.5-1), three-months 1080-5 (1030-1), settlement 1070.5 (1081).

Higher grade: Unoffic ! +cr

LEAD

	Unofficial close p.m.; £ per to	+ or Hu	gh:lov
Cash	297,5-8	-1.25 30	0:299
3 months	500.5-1	-0.75, 0	2:300
/300-51, ti	closing (a trae-months 299 5 (30 -2.	300.5-1.5	302-5
Turnova	r: 6,725 to:	nnes. U.S	. spo
18 5-21 ca	nts per poi	und.	

NICKEL

	close(p	.m.		High, lo
Cash 3 months	3765 3805	65 10	127,5 105	3805,584 3900:379
Official (3900-5), t Sottlement	hree-mo	nths	3860-5	(3935-40
close: 379	0-00.	•	-	

TIN

High grade	Unofficia close (p.n £ per	ı. —	High: I , for da
Cash 3 months	9495 9385-95	'-5 -13	1 3590-98
(9540-9540) 2), Settler close: 9380 Turnover \$m30 55 (3	ment 9500)-85. : 990 to	onths 94 (9540).	60-1 (94 Fingl ki
Standard			_

Cash 9490-500-2.5 9530,9475 3 months 9380-90 -15.5 9410,9350 Official closing (am): Cash 8525-30 (9540-5), three-months 9400-10 (9510-2). Settlement 9530 (9545).

ZINC

	, Unofficial closesp.m. £ par to	, <u>-</u>	High/lev
Cash	544 6	-16	553:553
3 months	539-,6	-13.25	540/535
Oficial	closing (a	m): Ca	ish 543-
(574-6)	three-months	_ 540-1	(566-7)

Turnover: 10,675 tonnes. U.S. Prime

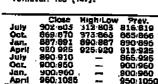
MAIN PRICE CHANGES

	METALS	July 8 1985	+ <u>o</u> r	Month ago
-	Aluminium Free Mkt	£1100	·	
•	Copper	i ⁻		\$ 1070; 100
-	Cash h Grade 5 mths	£1072.25	-15.25	£1143.25
	Gold troy oz Lead Cash	.[\$315,25	+3,5	8315.25
9	õ mths	£800.75		
	Free Mkt	232/286c	, –3 _	250/290c
•	Palladium oz Platinum oz	3264.75	+4.75.	4262.75
	Quicksilvert	/2280/29D	l i	8980/99E
	Silver troy oz 3 mths Tin cash	458.45p	-2.56	496.90p
	3 mths	1.0386	15 K	P0549 K
•	Tungsten Wolfram 22 04lb	1000:02		addiox
_	Zinc 3 mths	£539,26	-15,25	
5	Produçers	4880 .		8930

GOLD AND PLATINUM COINS

LME-Turnover: 39 (7) lots

high 462, low 455, final kerb 460-2 FREIGHT FUTURES



July 8 + or Month 1985 — ago	July 8 + cr Month 1985 - ago
minium£1100 :£1100 ee Mkt \$1820,1830 — \$ \$1070,100 oper	Coconut (Phil) \$520z \$610 Palm Malayan \$525u +10 :8560 SEEDS
sh h Grade£1061 —15.5£1123.5 mths£1072.25 -16.25£1143.25 id troy oz\$316.25;+3.5 8316.25 ad Cash£297.751.25£300.25	Copra Phil \$335z -5 8390 Soyabean (U.S.) \$235w. +8 \$240,75 GRAINS
mths	Barley Fut. Nov. £99.50 ~0.25 £98.35 Malze £141.002 £147.50 Wheat Fut Nov. £100.30 +0.05 £98.80 No. 2 Hard Wint.
icksilver:	OTHERS Cocos Ft. Sept. £1777.5 + 7.5 £1773 Coffee Ft. Sept. £1886.5 - 38 £2122
mths£93855542_5 ngsten872_75\$75_89 lfram 22 04lb \$58.62\$5662 c£545\$582_5	Cotton A Index : 61.90c -0.1 :63.25c Gas Oil Aug. :8214 -1 :2210.5 Rubber (kilo) :66p

GOLD

Gold rose \$31₂ to \$315-516₇ on the London bullion market yesterday. It opened at \$312-3124₈-3124₈, and was fixed at \$312.20 in the morning and \$309.25 in the afternoon. The metal touched a low of \$3081₈-3091₈ and a peak of \$3151₈-3153₈. Gold dritted to the day's low around the time of the afternoon fixing, but rose sharply at the close, as the dollar fell below DM 3.00 on the foreign exchanges.

GOLD BULLION (fine ounce) July 8 Close \$315-3151q (£P35 2351q)
Opening \$31214 51234 (£235 2351q)
M'ni'g fix. \$31220
ART'n'nfix. \$309.25 (£232,816)

SILVER

Silver was fixed 2.9p an ounce lower for spot delivery in the London bullion market yesterday at 445.1p. U.S. cent equivalents of the fixing levels were: spot 593.1c. up 2.4c; three-month 604.1c, up 2.7c; six-month 616.75c, up 2.95c; and 12-month 640.2c, up 2.95c. The metal opened at 486-449p (592-595c) and closed at 450-453p (604-607c).

SILVER Buillon + or L.M.E. + or per fixing - p.m. - troy price Unoffic! +1.5

Levels were lower during a quiet morning. The market remained in a narrow range with the exception of the July 1965 position which eased in line with the lower Beitic Freight Index



INDICES

FINANCIAL TIMES July 5 July 4 Mith ago Year ago 275.70 275.92 283.48 | 297.47 (Bass: July 1 1952 = 100)

1721.1 1727.3 1776.6 1895.7

MOODY'S 921.9 925.9 --(Base: December 31 1931 = 100)

DOW JONES

BARLEY

Yesterd'ys + or Yesterdys + or close -95.80 +0.05 99.50 +0.25 103.25 +0.30 106.30 +0.30 108.95

‡ Unquoted, u Aug. x Aug-Sept, w Sept, z July-Aug. † Per 76 lb flask, c Cents per pound.

GRAINS

LONDON GRAINS—Whest: U.S. derk northern spring no 1 15 per cent Aug 131.25. Sept 131.50. Oct 138.25. Nov 137.50 sellers transshipment east coast. U.S. no 2 soft red winter Aug 119.50, Sept 132. Oct 124. Nov 126.50. EC July 116 seller. English feed fob spot 114, Aug/Sept 96. Sept 97.50. Oct/Dec 102. Jan-Mar 108 sellers east coast. Maize: U.S. no 3 yellow/French transshipment east coast July/Aug 141 sellers. Berley: English feed fob hervest 96. Sept 98. Oct/Dec 102 sellers east coast. Rest unquoted.

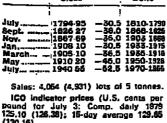
Business don—Wheat: Sept 96.80-

Business don—Wheat: Sept 96.80-6.50, Nov 100.30-0.00, Jan 104.25-3.95, March 107.25-6.95, May 110.75-10.35. Sales: 130 Jots of 100 tonnes. Barley: Sept 96.00-5.35, Nov 99.50-9.20, Jan 103.25-2.85 March 106.35-6.00, May 108.95 only. Sales: 54 Jots of 100 tonnes.

RUBBER The London physical market opened unchanged, fluctuated narrowly throughout the day and closed quiet and uncertain, reports Lewis and Past, Closing prices (buyers): spot 66.00p (same); Aug 64.00p (65.00p); Sept 64.00p (65.00p). The Kuala Lumpur fob price for RSS No 1 was 194.5 (same) centa a kg and for SMR 20 was 161.5 (same).

COFFEE

During a nervous morning the narket traded E31 lower to £4 higher in mederate volume, reports DBL, tronger sterling and commission house letting depressed values despite good rade buying which triggered some thort-covering.



July 8 July 5 M th ago Year ago

May 14 May 13 M'th ago Yearago

Dow July July Month Year Jones 5 3 ago ago Spot 117.24 116.47 - :133.24 Fut. :117.70116.77, - :130.91 (Bese: December 31 1974 = 100)

COCOA

£ per tonne Sales: 3,752 (2,849) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for July 3: 98.00 (96.04): Rive-day average for July 4: 95.36 (94.39).

SUGAR

LONDON DAILY PRICE—Raw sugar \$84.50 (£83.50), up \$2.50 (up £1.00) a tonne for July-August delivery. White sugar \$130.00, up 50c.

Sales: 680 (221) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £164.50 (£164.00) a tonne for export. International Sugar Agreement—(U.S. cants per pound fob and stowed Cambbean ports.) Prices for July 3: Daily price 2.66 (seme): 15-day average 2.78 (2.80).

SOYABEAN MEAL

The market opened 50p higher in quiet conditions, reports T. G. Roddick. Prices rose during the alternoon.

> Sales: 159 (426) lots of 20 tonnas, Very few crude oil trades were con-cluded. Prices were stable although Brent for the forward months dioped briefly when Nymex opened 14c down on Wednesday's close. At 1 pm EST Nymex traded 2c up.

SPOT PRICES		
CRUDE OIL-FOB (\$	Latest Der barren	Change + or -
Arab Light	26 80 25,90° 21,90 25,00° 25,35 25,60°	+0,05
Brent Blend	26,75-26,85 26,85-26,85 26,80-26,80	· · · <u>- · · · · · · · · · · · · · · · ·</u>
Urals. (cif NME)	25.50 25.60	. -

PRODUCTS-North West Europe

Petroleum Argus estimate GAS OIL FUTURES 8 U.S.

217.75 -0.75 218.00.17.25 214.00 -1.00 214.50.15.00 211.75 -2.25 215.25 11.00 212.75 -2.56 214.50 12.00 216.25 -2.75 215.25 216.25 -2.75 215.25 218.50 -1.50 218.00.18.60 215.50 -3.75 Turnaver: 7,216 (630) lots of 100

POTATOES

slightly	during the	before n afternoon y and Har	in thin
Month	festerday's close	Previous close	Business Done
Nov:	€ per 59,80 :	tonne 60.00	_
Feb	67.50 79.10	66,00	
May	84.90		14,50
Salas:	197 (269)	iota of 40	mones.

PIGMEAT

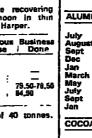
August buying interest from one source held prices, steady and sub-dued, although physicals were inclined to soften, reports CCST Commodities.

(~3.65).

SMITHTELD—Pence per pound. Beef: Scotch killed sides 76.0 to 81.0; English hindquarters 90.0 to 95.0, forequarters 52.0 to 55.0; Ulster hindquarters 85.0 to 80.0. Vest: Dutch hinds and ends 140.0 to 146.0. Lamb: English small 86.0 to 74.0, medium 64.0 to 68.0, heavy 62.0 to 65.0. Importact New Zsaland PL 65.0 to 66.0, PX 64.5 to 65.5. Pork: English under 100th 49.0 to 57.0, 100-120th 51.0 to 55.5, 120-160th 44.0 to 47.0.

U.S. MARKETS

bean markets were generally lower as profit-taking stopped the sharp advances of last Friday. The markets are



Yesterdays Previous Business close close done p. per kilo (deadweight) Aug. ... 102.60 103.10 102.50
Oct. ... 105.80 105.90
Nov. ... 106.40 106.60 146.10
Feb. ... 98.30 98.50 98.20
June, 97.20 98.50 98.30

MEAT

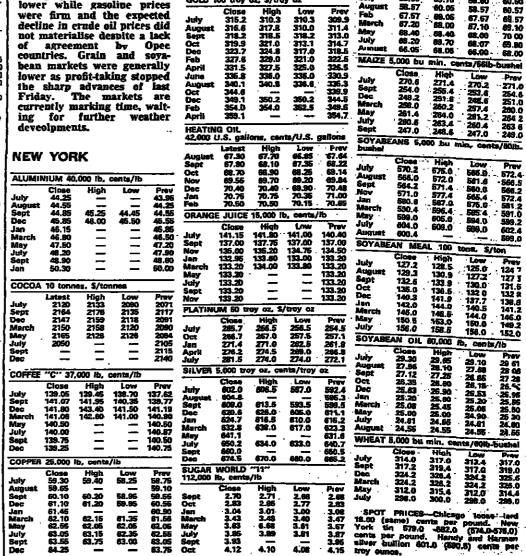
MEAT COMMISSION-

ROTTERDAM

WHEAT—(U.S. S per tonne): U.S. two solt rad winter affoat 138. Aug 140, Sept 143. Oct 145 sellers. U.S. two northern spring 14 per cent protein July 153. Aug 158.50. Sept 159. Oct 161.50. Nov 164 sellers. U.S. northern spring 15 per cent protein Aug 189.50. Sept 169. Oct 172.50. Nov 176.50 sellers. U.S. three hard amber durum July 168. Aug 166. Sept 159. Oct 163.50 sellers. Canadian ona western amber durum July 175, Aug 173, Sept 171. Oct 175 sellers.

MAIZIE—(U.S. S per tonne): U.S. three yellow affoat 126, July 127, Aug 125. Sept 123. Oct/Doc 120, Jan/Mar 123 sellers. Argentine Plate July 131. Aug and Sept 129 sellers.

GOLD AND SILVER markets rallied on short-covering and fresh buying on renewed weakness to the dollar and expectations the Federal-Reserve will continue to relax monetary policy, reports Heinold Commpunity. Copper and aluminium firmed on the strength to sterling which econouraged irbitrage buying. Sugar lost ground in the face higher on continuing concern over new crop prospects. Coffee edged higher in reaction to the quota cut. Cotton gained ground on mill pricing and indications that more favourable demand is emerging. Heating oil traded lower while gasoline prices were firm and the expected decline in crude oil prices did not materialise despite a lack of agreement by Opec countries. Grain and soya-



OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business), Australian cents per kg. July 613.0, 619.0, 612.0; Oct 819.0, 623.9, 624.0, 623.5; Mar. 623.0, 624.0, 623.5; Mar. 623.0, 629.5, 630.0; May 630.0, 644.0, nii; July 637.5, 645.0, 643.0, nii, Salea; 7.

JUTE—July/Aug shipment c and f Dundee BTC \$470, BWC \$565, BTD \$545, BWD \$540; c and f Antwerp BTC \$70, BWC \$565, BTD \$545, BWD \$540; c and f Dundee ex-india July

PARIS

SUGAR—(FFr per tonna): Aug 1173-1178, Oct 1170-1174, Dec 1180-1190, March 1205-1210, May 1245-1260, Aug 1300-1314. COCOA—(FFr per 100 kg): July 2130 esk, Sept 2137-2141, Dec 2070 ask, March 2075-2089, July 2085 ask, Sapt 3085 sek.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 103 tonnes. Fair offtake occurred with renewed interest in West African, Colombian and Egyptian qualities.

Wolfson grant for Leeds University FOR THE third time running.

Leeds University has been awarded a grant by the Wolfson Foundation under its scientific research linked to industry

awards scheme.

The 1985 grant, which is worth £295,000 over three years and is the largest of the 16 awards made by the Foundation, is awarded this year to the university's committee dargetter. the university's ceramics depart-

CURRENCIES, MONEY and CAPITAL MARKET YOUR COMPANY IMAGE FOREIGN EXCHANGES **FINANCIAL FUTURES** of \$3.0170. It touched an early low of DM 2.9880, but in the afternoon reached a peak of DM 3.0160. There were no new factors, with news that German consumer prices rose 2.3 per cent in the year to June, compared with 2.5 per cent in the 12 months to May, having little impact. Before lunch the dollar wdas fixed at DM 3.0063, compared with DM 3.0352 on Friday, without any intervention by the Dollar falls in late trading **Eurodollars steady** The dollar weakened sharply in late London foreign exchange trading, and continued to decline after in New York, as the market takes an increasingly pessimistic view about the U.S. economy. It is generally expected that the revision of second quarter U.S. gross national product growth on July 8, will be lower than last month's flash estimate of 3.1 per cent, following some disappointing data recently, including Friday's unemployment figures. There is also speculation the discount rate may be cut before Mr Paul Volcker, chairman of the Federal Reserve Board, gives testimony before Congress on July 17. The central bank's money market intervention policy wil be watched for indications of any easing of policy after the present Federal Open Market Committee meeting. The dollar fell to DM 2.98 from DM 3.0060, and is beginning to threaten the important resistance level of DM 2.9750, It also declined to FFr 9.0775 from against the dollar in 1985 is 1.3450 to 1.0525. June average 1.2813. Exchange rate index rose e 2.2 to 82.2, the highest level of the day, and the best since March last year. It opened at 1863, rising to DM 4.0050 for the first time since September 1863, rising to DM 4.0050 from DM 3.99, and improved to FFr 12.23 from FFr 12.1450. SWFr 3.3550 from SWFr 2.34; and 7330.50 from 7327.75. DMARK — Trading range the weekend meeting of Opec ministers, and boosted by high London interest rates finished at its highest levels for at least a year. The move out of the dollar in late European trading was particularly beneficial for the pound, while it is generally expected that today's UK money supply and bank lending figures will not be good enough to encourage a cut in bank base Eurodollar prices resisted all attempts to push them lower, finishing unchanged on the day in the London International Pinancial Futures Exchange yesterday. Values were marked days at the statement of the prices and the statement of the stateme rather high before easing a little after Federal intervention. In addition today sees a meeting of the Federal open market com-mittee and the market will be anxious to discover any clues on Federal policy. yesterday. Values were marked down at the start as dealers reacted to a stronger cash market and fears about the recent growth in U.S. money supply. However, there still appeared to be an underlying bullishness based on recent evidence that the U.S. economy is not expanding as quickly as had previously been envisaged. pared with DM 3.032 on rinay, without any intervention by the Bundesbank. At the same time sterling was fixed at DM 4.0010, against DM 3.9880 previously, with the market impressed at the pound's recent strength despite a softening in world oil prices. Sterling-based spent a fairly uneventful day until the dollar's late decline. This pushed gilt prices up to the day's highs and above Friday's close. Three-month sterling deposits acted in a similar fashion, helped by a slightly weaker cash market, but finished next LIBERTY This tended to conflict with STERLING INDEX concern about excess money growth with one urging lower rates and the other, higher. Interest centred on the level of Federal funds, which opened just below the day's best on late profit-taking Sterling/dollar profit-taking Sterling/dollar options were quite actively traded with calls in September totalling over 2,500. Post House July 8 Previous 9.00 am 10.00 am 81.6 81.6 81.6 81.7 Key Rings 1.00 pm 2.00 pm 2.00 pm 4.00 pm THREE-MONTH EURODOLLAR Sim points of 100: EMS EUROPEAN CURRENCY UNIT RATES Cuff Links Send this advertisement 81.8 82.2 Sim points of lour. Closs High Low Prev Sapt 92.33 82.35 82.28 82.06 Dec 97.94 97.95 97.88 91.62 March 91.51 91.53 91.47 91.21 June 91.13 91.16 91.10 90.86 Sapt 90.84 — 90.57 Est. Volume 4,298 (4,627) Previous day's open int. 19.175 (18,597) attached to your Paperweights Enamel Badges mg to threaten the important resistance level of DM 29750, It also declined to FFr 9.0775 from FFr 9.15; SwFr 2.4995 from SwFr 2.5185; and Y246 from Y247. £ IN NEW YORK Medals Belgian franc Danish krone German D-mark. French franc...... Dutch guilder Irish punt....... ±1.5471 ±1.8479 ±1.1476 ±1.3689 ±1.5171 ±1.5673 ±4.0410 +1.11 +0.77 8.14104 2.24184 6.87456 2.52595 0.72568 1403,48 **Promotional Gifts** CHICAGO 2.26219 6.85801 2.53745 0.718208 1437.38 +0.46 -0.24 +0.46 -1.03 +2.41 +0.12 -0.58 +0.12 -1.37 +2.32 July B U.S. TREASURY BONDS (CBT) 8% \$100,000 32nds of 100% £ Spot | \$13470-1.5485|\$1.3340-1.558 1 month | \$0.57-0.54 pm | 0.56-0.64 pm | 1.58-1.47 pm | 1.50-1.47 pm | 12 months | 4.35-4.20 pm | 4.30-4.80 pm THREE-MONTH STERLING Manufactured by Manhattan-Windsor On Bank of England figures the dollar's index fell to 142.7, from 143.1, the lowest since last 78-23 78-29 78-19 76-19 76-24 76-12 75-21 75-21 75-21 75-25 73-20 73-21 73-25 73-20 73-21 | Sept | STEWARD ST., BIRMINGHAM, B18 7AF, ENGLAND. TELEX: 338633 USA Address: Manhattan-Windsor PO Box 92791 Milwaukee, WI 53202 STERLING - Trading range POUND SPOT-FORWARD AGAINST POUND DOLLAR SPOT-FORWARD AGAINST DOLLAR **JEE OPTIONS REPORT** p.a. months 5.17 1.53.1.48pm 2.88 0.80-0.65pm 2.81 0.55-0.60dis 0.94 0.95-0.93pm 0.99 12-14dis 2.61 1.82-1.83pm 2.52 1.82-1.83pm 2.53 1.82-1.83pm 2.54 1.82-1.83pm 2.55 1.52 10's-10'dis 2.55 1.55 10's-10'dis 2.55 10's-1 p.e. months 5.17 1.53-1.48pm 3.57 1.33-1.18pm 6.32 6fg-6fg-pm 4.28 79-70pm 3.28 9fg-8fg-pm 2.30 0.67-0 43pm 7.30 7g-6fg-pm -20.32 600-1606dp -1.31 120-170dis -0.94 6-12dis -1-1-114dis 2.58 6g-5pm -4.21 11-114dis 6.81 5g-4fg-pm 6 69 423-384pm 8.06 6g-5g-pm Eurodoljar Future-points of 100% UK† 1.225-1.3455 1.3455.1.3455 0.80-0.86c pm 5.17 1.53.1.89pm 4 1.9390-1.0525 1.0500-1.0610 0.30-0.20c pm 2.88 0.80-0.65pm 2.8572-1.3695 1.3576-1.3885 0.19-0.22c dis -1.81 0.572-1.3695 1.3576-1.3885 0.19-0.22c dis -1.81 0.572-1.3695 1.3560-3.570 0.28-0.25c pm 8-181 0.572-1.3695 1.3560-3.570 0.28-0.25c pm 8-181 0.572-1.734 1.72-1 U.S. TREASURY BILLS (IMM) 4.48 2.78 -1.69 1.12 -0.86 1.3225-1:3455 1.3445-1.3455 0.60-0.58c pm 1.7974-1.8160 1.8120-1.8160 0.56-0.52c pm 4.615-4.614 4.56-4.614 27-25c pm 80.24-80.75 81,25-91:35 32-28c pm 0.60-0.56c pm 0.30-0.20c pm 0.19-0.22c dis 0.25c pm The continuing strength of sterling maintained good trading volume as 80.24.90.75 81.25.61.23 22-25c pm 1.27-1.2790 2755-1.2785 0.33-0.16p pm 3.98-4.01 20-237, 225-50c dis 227-2291 23-2291, 23-2291, 15-35c dis 2.12-12-2291, 23-2291, 15-35c dis 11.49-17.58 11.59-71.58 32-45c pm 11.47-71.59 11.59-71.58 32-45c pm 11.47-71.59 11.59-71.58 32-45c pm 11.47-71.59 11.59-71.59 32-45c pm 12.12-12-23 22-12 93.22 92.95 92.95 92.25 91.95 91.71 91.49 91.29 523 886 173 STERLING 225,000 S per £ Chose High Low Prov Sept 1.3245 1.3245 1.3130 1.3045 Sim point Dec 1.3110 1.3065 1.3027 1.2320 Merch 1.3015 1.2980 1.2825 Sept Est. Volume 1,029 (124) Provious day's open int. 4,790 (4,784) June For full details of settlement prices call Louise Powell at LIFFE on 01-623 0444. CERT, DEPOSIT (IMM) 51m points of 100% LIFFE. Royal Exchange, London ECSV 3PJ Latest High Low 92.68 92.61 92.24 92.25 92.22 Belgian rate is for convertible francs. Financial franc 81,50-81.65. Six-month forward deliar 0.00-0.58c pm. 12-month 1.53-1.48c pm. † Correction (July 5):— 14.384-14.374 Company Notices THE CURRENCY FORECASTING SYSTEM DEUTSCHE MARKS DM125,000 \$ per DM Corporate Treasurers and Finance Directors with an IBM PC are totally convinced by this astonishingly successful and fairly priced forecasting package CURRENCY MOVEMENTS CURRENCY RATES OTHER CURRENCIES LEUMI INTERNATIONAL INVESTMENTS N.V. USS20 MILLION GUARANTEED FLOATING RATE NOTES 1987 FLOATING RATE NOTES 1987 The interest shapplicable to the above Notes in state applicable to the above Notes in state applicable to the month period combencing the 9th July 1985 has been fixed at 316% per anoun. The interest amounting to USS20.92 per USS1.000 Principal amount of the Notes will be paid on Wednesday, 9th October 1985, against presentation of Coupen Ma. 20. Volume 115 (422) ous day's open in Bank of Morgan igned by: Forexia (UK) Limited SWISS FRANCS SWFr 125,000 \$ per SWFr England Guaranty Index Change % Note Rates 27.90 28.20 20.60-81.40 14.25-14.39 12.10-12.82 5.98 4.02 25.98 5.05 257.351 4.714 4.5114 11.45-11.56 221-923 220-230 11.46 11.67 5.5514-5.3714 1.58-1.34 260.389 46, Limerston Street London SW10 0HH Tel: 01-351 0350 Sterling U.S. dollar Canadian dollar Austrian schilling Belgian franc Danish Kroner Deutsche mark Swiss franc Guilder French franc 82.2 142.7 67.8 112.7 89.5 77.9 122.5 141.0 15.6 155.6 Canadian 8, Austria Sch. Belgian Fr. Danish Kr. Dmark. Guilder. Lira. Yen. Norway Kr. Span'h Pta. Swedish K. Sept 0.4000 — 0.39 Est. Volume nil (nil) Previous day's open int. 182 (182) STERLING (IMM) Se per E Latest High Low 1.3205 1.3210 1.3125 1.3080 1.3180 1.3016 — 1.2970 1.2975 — 1.2330 1.2975 JAPANESE YEN Y12.5m \$ per Y100 Close High Low Prev Dec O.4057 — 0.4059 Warch nil (nil) ous day's open int. 165 (165) Sept BANK LEUM! TRUST COMPANY OF NEW YORK Principal Paying Agent Art Galleries AGNEW GALLERY, 43, Old Bond St., W1, 01-529 6176. YOUNG ARTISTS AT AGNEW, Until 28 August Mon-Fri, 9:30-5:30, Thurs, until 5:30. Street, 19:30-5:30, Thurs, until 5:30. Street, 19:30-5:30, Took, Fried, 19:30, Took, Fried, FT-SE 100 INDEX 625 per full index point GNMA (CBT) 8% \$100,000 32nds of 100% Clubs 1 Morgan Guaranty changes: Everage Close High Low Prev Sept 125.95 126.35 125.65 125.80 Sept Dec 125.75 - 126.40 Dec Est. Volume 193 (314) Previous day's open int. 1,563 (1,517) Sept 1990-1982=100, Bank of England Index (base average 1975=100). **EXCHANGE CROSS RATES** nd Stirling: U.S. Dollar : Deutschem k-Jipanese Yen FrenchFranci Swiss Franc | Dutch Gulld, Italian Lira Ganada Dollar Beiglan Franci 2556. 1904, 81,20 60,15 0,838 10,15 E WORLD VALUE OF THE POUND 3,275 1,194 10. 3,845 Dutch Guilder J.222 73,52 18 01 81,77 0.298 0.526 0.889 2,715 4,786 0.744 566.9 0.402 0.710 1. 1.764 n Lira 1000 0,591 1,567 129.3 1.313 1000. 44.75 100, Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unlifted rate. The table below gives the latest available rate of exchange for the pound against various currencies on July 1, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which **EURO-CURRENCY INTEREST RATES (Market closing rates)** Dutch Guilder Swias Franc Canadian j Dollar Sterling D-mark Yen they are tied. 814-814 734-716 748-734 74-718 734-778 616-616 6-616 950-1018 6-1-614 950-1018 6-1-616 912-10 6-1-656 912-10 614-656 918-978 6-1-6-18 946-978 13.14 13.14 131p 135g 135g.1354 133g.141g 14.141g 858-878 856-878 856-878 816-816 814-9 Asien \$ (closing rates in Singapore): Short-term 8-8's per cent; seven days 74-7's per cent; one month 74-7's per cent; three months 70-7's per cent; one years 84-84 per cent. Long-term Eurodollars; two years 84-84 per cent; three years 94-84 per cent; four years 10-10's per cent; one years 10-10's per cent; MONEY MARKETS **UK** rates show slight fall Interest rates were slightly the other hand Exchequer transeasier in London yesterday actions added £150m and there are actions added £150m. In addition banks to £157m and comprised purchases of £157m and to £157m and comprised purchases of £157m and comprise such a move was helped yester-day by a very strong pound and a late fall in the value of the dollar. Three-month interbank money finished at 121-121 per MONEY RATES Amst'dam! Tokyo : Milan cent, unchanged from Friday Frankfurt Paris Zurich 10/6 10/6-10/7 1016-1014 1018-1014 1014-1058 67g-7 6按-6股 6,15625 . 145g-15 6,21875 | 145g-141g UK clearing banks base lending rate 121 per cent since June 12 141g-1456 B56 878 83g-9 518-514 5%-5₁₂ 512-512 6,34375 **6**58

while three-month eligible bank bills were bid at 1134 per cent from 12 per cent. Three-month sterling CDs eased to 124-124 per cent from 124-124 per cent and 14 per cent.

The Bank of England forecas a shortage of around \$350m with factors affecting the market including maturing assistance and a take up of Treasury hills together draining \$745m and the unwinding of previous sale and returning previous sale and restrebise agreements a further £591m. On

INTERBANK FIXING FT LONDON

(11.00 a.m. July 8) 3 months U.S. dollars						
bid 711/16	offer 715:16					
6 months	U.S. dollars					
bid 7314	Offer 778					

sisteenth, of the bid and offered rates for \$1000 quoted by the market to five roference bunks at 11 am. each working day. The banks are National Vestminster Benk. Bank of Tokyo, Dautsche Bank. Benque Nationale de Paris and Morgan Guaranty Trust,

2000

Discount Houses Deposit and Bill Rates LONDON MONEY RATES 131s 127s-131s 127s-121s 127s 1234 1276 1278 1288 1288 125g-1254 1212 1214 1218 12.3 12.3 11.3 11.5 12 / 12 / 12 / 12 / 12 / 12 /c 12 /c 11 /c 124 124 114

		Logal Authu negotiable bonds	Local Authority Deposits	House	# Cert of Deposits	Linked	ECU Linked Deposits	MONEY RATES NEW YORK (Lundridme)	
	One month Two months Three months Six months Nine months	' 1279-1236 ' 1234-1216 (1216-1236 .	1111	124 124	7.4-7.5 7.4-7.5 7.45-7.55 7.5-7.6 7.8-7.9	716.716 716.8 734.8 716.8	916 9A 916 9A 916 916 914 916	Prime rate Broker loan rate Fed junds Fed funds at intervention	8
	One year	1519 1119	111g 115g 113g 115g	12 ₁₆ 1	7.95 8.05	 = =	- - - - - - - - - - - - - -	Treasury Bills One-month Two-month Three-month Six-month	6.45 6.70 8.90
_	ECGD Fixe July 2 (inclusion days' notice, to by the Finance	arhere emange	per cent. ! dave' fixe	Jocal auth d. Financ	ority and	finance ho	nevez gazu bedai/due)	One-year	6.97 7.05
	by the Finance and Scottish C for sums at ser tender rate of a Deposits £100.0 121; per cent: it ments 12 per cent:	learing Bank ren days' no discount 11.9 100 and over	Rates for tice 6.65-6. 245 per cer held under the 121- per	lending 17 75 per cer it. Certific one mont	2½ per cent it (net). To cates of Ta h 12½ per i sine mosti	it. Bank Do Tressury Bill IX Deposits Cent; gna-th hs 12 per C	posit Raies lis: Average (Series 6): 1100 months ent: nine-12	Two-year Three-year Four-year Five-year Streen-year	1001 1031 1011 1011 1021 1071

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan Albania Algeria	Afghani	99.00 10,2760	Greeniand Grenada	Danish Kroner E. Caribbean S	14.41 3.59	Peru	Shilinnine Geen	6xe(A\15,255,1 23,72
Algeria	Dinar	6.79 12.23	Grenada	Local Franc	12.25 1.3450	Pitcairn Islands	LE Sterling	2.6110
Andorra	Spanish Pereta	229,25	Guatemala	Quetzal	1.8450	9		
AngolaAntigua	Kwanza E. Caribbean S	38.9410 3.69	Guinea Guinea-Bissau	Svli	32.80 195.94	Polaлd		205,81
Argentina		1,0615(15)	Guyana	Guyanese Ş	5.5625	Portugal Puerto Rico	PortugueseEscudo U.S. 8	231.75 1.3450
Australia	Australian 6	1,9608 28,16	Halti Honduras	Gourde	6.65 2.66	Qatar		4.8350
Austria Azores Bahamas	Portuga se Escudo	231.75	Hong Kong	H.K. §	10.3110		-	
BARCHIN	OIRAF	U.DUAU 1	Hungary	Forint .	66.50	Reunion Island		12,23 J/Gm: 5.74
Balearic Igles Bangladesh	NDS PESSES	229,25 35.68			54,9925	Romania		1(N/C) 16,07
Barbados	Barbados Ş	2.6750	iceland	Ind. Rupee	16.43 1,488.27	Rwanda		132.52
Seigiom		(cm; 81,20 (fm; 81,575	indonesia	Riaj Riaj	121,10(s.g.)	St. Christopher St. Helena	E. Caribbean S St Helena ±	<i>5</i> .59 1.0
Belize	BS C.F.A. Franc	2.66 611.50	Iran	Irani Diner	0.4160+	St. Helena	E. Caribbean \$	3,59
Benin Bermuds Bhutan	Bda §	1.3450	Iraq Irish Republic	Irish £	1.2750	St. Pierre St. Vincent	E. Caribbean \$	12.23 3,59
Bhutan	Nguarum Natiotan Dana	16,43	israe (taly	Shekel Lira	1,985.0 2,555.5	l Samos American	U.S. S	1,3450 2,555,6
Bolivia	ROHVIAN PESO	(14,59,850.0¢ : 2, 3235	Ivory Coast	C.F.A. Franc	611,50	San Marino Sao Tome & Prin	Dobra	60,12
Botswana Brazil Brit, Virgin Islea	Cruzeiro:;	8,075.5 1,3450	Jamaica	Jamaica Dollar	6.95(s.g.) 330,50	Saudi Arabia	Saudi Rval	4.8838
Brit. Virgin Isles	U.S. 5		Japen	Yen Jordanian Dinar	330.50 0.5270t	Seudi Arabia Senegat	C.F.A. Franc	611.50 9.44
Brunel	8runai 3 Lev	2,9635 1,3186				Seychelles	e, rupes Leone	(C) 7.30 2.9635
Burkino Faso	C.F.A. Franc	611.50	Kampuchea	Riel Kenya Shilling	N:A 21.40	Singapora	Singapore \$	2.9635 1.9850
Bulgaria Burkino Faso Burma Burundi	Burundi Franc	10.9200 158.50	Kenya Kiribati	Australian \$	1.9608 1.25			48,68
			Korea (Nth) Korea (Sth) Kuwait	Won	1,165,56	South Africa Spain	Decate	2,6165 229,25
Cameroon	Canadian S	611.50 1.8140	Kuwait	Kuwaiti Dinar	0.40460	Spanish ports In North Africa Srl Lanka	Dagata	229.25
Conord Islande	Preside Basais	229.26 118.73	Laos	New Kip	46.55	Sri Lanka	S. L. Rupee	36.28
Cape Verds is Cayman Islands Cent. Afr. Republic	Cay. Is. 5	1.1105	Lebanon Lesotho	Meluti	21.00 2.6165			3.33 2,3740
Chad	C.F.A. Franc	611.50 611.50	Liberia	Liberlan 5	1.3450 0.3940	Swaziland	Lilangeni	2,6165
Chad	Chilean Peso	205.02	Lechtenetein	Swigs Franc	3,3550	Switzerland	s. Krons Swiss Franc	11.59 3.3550
Colombia	Col. Peso	3,6400 (F:185,87	Luxembourg	Lux Franc	81.20	Syria	Syrian £	((A) (T) 9.0 ((CM) 5.22
Comoro Islands Congo (Brazaville).	C.F.A. Franc	611.50 611.50	Macao Madeira	Pataca	10.75 231.75	Talwan	Mana Talawan B	53.20
Costa Rica	Colon	(U: 66.97	Malagasy Republic	MG Franc	#12.0 T	Tanzania Thailand	Tan. Shilling	23,10
Cuba Cyprus	Cuban Peac	1,2385	Malawi Malaysia	Kwasha	2,2870 3,3090			35,17 611,50
		t (com) B 50	Mainine Islande	Ruffuss	9.38	Tonga Islanda Trinidad Tunisia	Palanga	1.9608
Czechosłovakia	Koruna	nic 14.81 (15.74	Malı Republic	C.F.A. Franc	611.60 0. 6200	TuneiaTuneia	Tunisian Dinar	3,20 1,1025 / ₈₉)
Denmark	Danish Kroner	14.41 224.0	Martinique	Lacel Franc	12.23	Turkey Turks & Calcos	Turkish Lifa U.S. S	702.62 1.3450
Dibouti	E, Caribbaan S	3.50	Maldive Islande	Ouguiya M. Rupes	89.32 20.57	Tuvalu	Australian \$	1,9608
Dominican Repub.	Dominican Peso	(0:1.3450	Mexico	Mexican Peso	(F)422,35 (C) 503,53	Uganda		757.50
Ecuador	Bucre	(F: 147.85	Miquelon Monaco		12.25 12.25	Upited States	U.S. Dollar	1.3450
Egypt.,	Egyptian £	1.1040(14) 1.5950 (8)	Mongolia Montserrat Morocco Mozambique	Turgrik	4.44	Utd.Arab Emirates	U.A.E. Dirham	127. 46 4.9118
El Salvador	Colon	(O) 3.32 (F) 5.87	Mortserrat	E. Caribbean S Dirham	3.59 13.55 (eg)	U.S.S.R. ,	Rouble	1,1068
Equatorial Guinea.	Ekuele	611.50	Mozambique	Metical	(A) 57,B4	Vanuatu Vatican	Vatu	145,30
EthiopiaFalkland islands	Ethopian Birr Falkland la £	2.7250			2,6165 1,9608			2,555,5 ((4) 6,72
Faroe Islands	Danish Kroner	1.0 14.41	Nepal	Nepalese Rupee	24,34 4,5075	Venezuela	Bolivar	((6) 18,99
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† Rate is the transfer market (controlled). ‡† Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs.
(2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for justry imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and jourists. (3) Banknote rates. (10) Rate for exports. (12) Rate for imports. [12] Essential imports. (14) Newly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral=1,000 old pasos. 1 Corrections (July 1):—Iraq. 0.4065 and Jordan, 0.5220.

LONDON SHARE SERVICE

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| DILLONDON SHARE SERVICE | DICTION | DIC Financial Times Tuesday July 9 1985 HOTELS-Continued ENGINEERING-Continued Het Children AMERICANS-Cont. LONDON SHARE SERVICE Net Car Gr FE 1985 201 19 Shart Hotel Sp. 2211/2 288 57-1 27 36 12.7
420 350 Sheet "A" 100 356 12.0 56 106 22.9
59 51 Sheet 100 50 100 12.2 24 17.6
101 123 (Traditional Forte 130 14.70 17 52 133.8 ### Comments of the Comment of the C 19 to 2 : 60k 51 to 51 to 1 18 to 12 51 20 71 1 - 4 50 00 21 to 51 44 33p 15 + 4 51 52 55 to 1 52 70 From Leeds to Louisiana we're growing from strength to strength BRITISH FUNDS "Shorts" (Lives up to "The Standard Sta "Shorts" (Lives up to Five Years) | 103 | 104 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 10.79 | 10.67 | 19.68 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.69 | 19.6 Undated 39mi+\ 10.19 351g+\ 10.07 441g+\ 10.09 301g+\ 10.09 247gmi+\ 10.06 251g+\ 10.12 110-1-1 (1) (2) (370) (9941-1 (373) 373 (373) 112 +1 (386) 382 (99 +1 (386) 382) (99 +1 (386) 387) 10441-1 (333) 871-1 (337) 3941-1 (33 Index-Linked (b) (297.1), (333.9), (267.9), (308.8), (310.7), (274.1) (310.7), (294.1), (351.9), (322.0), (322.0), GOVT STERLING

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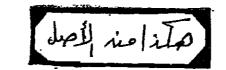
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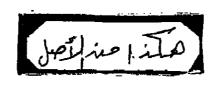
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LONDON STOCK EXCHANGE

Gilts respond to strong pound but leading shares

Account Dealing Dates

Option

*First Declara- Last Account Dealings tions Dealings Day June 17 June 27 June 28 July 8 July 1 July 11 July 12 July 22 July 15 July 25 July 26 Aug 5

sond and share markets followed contrasting paths in London yesterday. Government stocks pressed higher in line with the sterling exchange rate.

but leading equities passed a subdued session.

The negative outcome of the Opec meeting in Vienna, at which ministers were unable to agree on oil quotas, failed to check the rise in the pound. As the rate improved to \$1.3450—a new 12-month high against the new 12-month high against the dollar — Gilt-edged securities attracted fresh demand awaiting today's announcement of the vital June banking statistics. Any cut in base lending rates could hinge on latest money supply trends.

supply trends.

Some longer-dated Gilts rose 1 before easing to close around 1 higher on balance, while selected shorts moved up 1: Exchequer 11 per cent 1990 gained an exceptional 1: at 991 ex-dividend. Index-linked issues also managed some headway with the ultralong Treasury 21 per cent 2016 rising 1 to 94.

rising 1 to 94.

A none-too-favourable Press
on recent developments within
the electronics industry initially unsettled equities. Thorn EMI
were singled out for special
attention and led the retreat before rallying later. STC were another casualty on adverse com-

Reflecting the further loss of competitiveness through the souring pound, international stocks gave ground and around midday the FT Ordinary share index was standing 7.6 lower. Thereafter, it gradually recovered and finally reduced the less to one of 4.5 cm the

the loss to one of 4.5 on the session at 951.2.

Dealings began at 2.00 om in bearings began at 2.00 bm in the frm issue of Oldham Metro-politan Borough 12.4 per cent 2022, a former drop-lock issue. The stock opened at 1081 and rose to 109 compared with the recent placing price of 100.

Clearers feature

Clearing banks again provided one of the few firm areas of an otherwise quietly dull market. Weekend Press forecasts of therwise quietly dull market. Weekend Press forecasts of bumper interim profits when the season commences later this month generated renewed demand. Barclays and Lloyds both gained 7 to the common level of 415p, while NatWest also firmed 7 to 715p; NatWest's half-year results are scheduled for July 30. Midland hardened a few pence to 395p, after 395p. Hopes of cheaper money in the not-too-distant future left Discount Houses higher throughout. Union advanced 25 to 670p and Cater Allen put on 20 to 510p, while King and Shaxson improved 4 to 153p. Clive, at 43p, gained 2 apiece. Elsewhere, Hambros rose 5 to 140p, after 143p, in response to Press comment.

The two newcomers to the Unlisted Securities Market both

Thorn EMI dip & rally

Leading Electricals failed to shake off their recent depression. Thorn EMI came under renewed pressure following comment on the disappointing annual results and dropped to a new 1985 low only 4 cheaper on balance at 312p. STC, sold recently on the profits warning and unsettled yesterday by adverse comment, in gave up 4 more at 104p, after 102p. Despite news of the chair-limits and dropped 20 more to 134p, after 130p, while Flessey softened the same amount to 124p.—Elsewhere, AB Electronics continued to reflect to 235p, after 220p. Bulgin A gave up 3 to 154p on a discappointing preliminary statement. United Leasing, on the

achieved premiums on their placing price levels. Trillon, a television facility and broadcast-ing company, improved from 74p to close at 76p, while John Michael Design went from 53p to close at 49p; the respective placing prices were 73o and 44p. A number of firm features

A number of firm features emerged in the Building sector. Ward Holdings were outstanding and touched 174p before closing 10 up on the day at 170p, reflecting bid rumours; the company's interim figures are expected at the end of next month. Taylor Woodrow followed Friday's good performance with a further 9 rise to 428p—a gain of 21 over the past two trading sessions, while IDC put on 5 more to a year's best of 270p on further consideration of the cash and shares bid from Matthew Hall. Reports that Tarmac is considering a private sale of its oil and

shares bid from Matthew Hall.
Reports that Tarmac is considering a private sale of its oil and gas exploration and production subsidiary, Plascom, for between £35 and £40m boosted the former's shares 4 to 302p. SGB, on the other hand, dipped fo 140p. prior to closing a net 4 cheaper at 142p, following the interim results which were below market expectations.

The Ch-micals sector came under pressure from the outset following bearish Press comment. ICL due to announce interim results on July 25, initially fell to 732p and rallied hriefly to 736p before retreating late to close 20 down at 727p reflecting the sharp upward movement in sterling. Yorkshire Chemicals dioped 6 to 72p and Laporte 3 to 310p.

Leading Stores drifted gently Laporte 3 to 310p.

Leading Stores drifted gently lower across the board. Deben-

lower across the board. Debenhams, up to 391p initially, closed 5 lower on balance at 3840; the disclosure that House of Fraser now controls just over 10 per cent of Debenhams served to further confuse the current bid situation. Burton fell 2 to 461p, as did Habitat Mothercare. to 390p. Movements in second-line stores were usually attributable to favourable comment in the to favourable comment in the weekend Press. Albion were outstanding for this reason, rising 54 to 310. while J. Henworth touched 212n before settling a net 4 up at 208p.

Thorn EMI dip & rally

drift easier in subdued trade

	ania -	July	July 4	10ly	July 2	July :	year ago
Government Secs	82,49	82.28	82.07	62.03	81.96	81,92	77,23
Fixed Interest	87.17	86.95	86.85	86,78	86.74	86.67	81.82
Ordinary &	951.2	955.7	951.9	942,3	954,3	952.5	811.6
Gold Mines	415.5	410.B	405.7	407.2	406,9	420.8	532.3
Ord. Div. Yield	4,87	4.84	4.86	4.91	4.85	4.67	4,88
Earnings, Ykd.% ifulfi	12,13	12,14	12.18	12.31	12,17	12.20	11,34
P:E Ratio (net) (*)	10.07	10.06	10.03	9,92	10.04	10.01	10.60
Total bargains (Est.)	20,870	18,014	19,469	20.093	21,099	22,190	16,520
Equity turnover £m.		371.00	322.62	286,70	359,78	238.20	193,70
Equity bargains	_	16,378	14,912	115,830	19,108	20,212	15,737
Shares traded (ml)		183.7	159.6	155,1	219,5	184.1	102,7

Day's high 952.7. Day's low 948.1.

Basis 100 Govt. Secs. 15/10/28 Fixed Int. 1928. Ordinary 1/7/25. Gold Mines 12/9/55. SE Activity 1974 Latest Index 01-246 8026. *Nil = 9.73.

HIGHS	AND LOWS	S.E. ACTIVITY
		INDICES
!	,	July

-	1985	Since Compilat'n	July 5	July
	High ; Low	High Low Daily	:	
Govt. Secs.	82,49 78,02	127.4 49.18 Bargains	i -	113.6
Fixed Int .	87.17 / 82.17	150.4 50.53 Value 29.11.47 1511.75 5 dayAverage	749.9	96.6 653,1
Ordinary	1024.5 928.7	1024.5 49.4 Gilt Edged (22,1-85) (26,6,48) Bargains		117.7
Gold Mines	586 9 405 7	7 754.7 43.6 Barozina	112.0	115.9
i	(15,4) (4.7)	15:2:85; (26:10:71) Value	658.2	. 657.9

Pentiand down

ment which accompanied the annual results. Brook Street Bureau, still on hopes of a bid from Blue Arrow, moved up 4 to 138p, while speculative buying prompted rises of around 5 in Pacific Sales, 62p, Parkfield, 84p, and Sutcliffe Speakman, 38p.

Stonehill were marked up 7 to 107p. Weekend Press comment left a rise of 4 in Associated

British Ports, at 272p, and an improvement of 5 in Thermal Syndicate, at 290p. The leaders displayed no set trend after a subdued trade. BTR lost 4 at

rend. Fresh speculative demand

fted Barr and Wallace Arnold

out Intasun, annual results due

similar amount to a 1985 low of

other hand added 8 to 3030 other hand added 8 to 303p in reply to an investment recommendation. Lec Refrigeration put on 5 to 262p and Pressac 10 to 98p following speculative buying. Logica at 125p, retrieved 20 of Friday's fall of 58 which was brought about by news of heavy losses at about by news of heavy losses at its two office automation subsidiaries.

Secondary issues provided most of the moyements in a drab Engineering sector. Carclo featured with a rise of 12 to 295p in response to impressive annual profits, while F. H. Lloyd also drew encouragement from trading news and closed 1; dearer at 64p. Tate added 10 at 530p following Press comment and Delta hardened a penny to 146p for the same reason.

Lack of investment incentive Lack of investment incentive led to a subdued session in Foods. Retailers were quietly irregular with J. Sainsbury 4 dearer at 312p. but Argyll 5 lower at 298p. Elsewhere, Rowntree Mackintosh gave up 7 to 388p despite bullish notices emanating from a visit by brokers de Zoete and Bevan. Maynards, recently regarded as a possible target for acquisitiona possible target for acquisition-minded Ward White, en-countered profit-taking and dipped 10 to 335p. Batleys of Yorkshire, however, hardened 3

to 113p following the full-year

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times. the Institute of Actuaries and the Faculty of Actuaries

	EQUITY (M	ion J	цíу	8 19	85		Fri Jahy 5	Thurs July 4	Wed July 3	Ses.
Fi	gures in parenthes stocks per	es show		of Inde		Est. Earne S Yield Se (Max	% %	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adi. 1985 to Gate.	index No.	Index No.	Index No.	index Ng.
1 2	CAPITAL GOODS	s (22)		503.2	21 +0.3	13.0	13	4.56 5.27	11.07 9.42	8.31 9.87	494.84 501.85	491.10 496.59	488.72 494.30	431.20
3	Contracting, Const							5.45	9.75	16.49	754.76			
. 4 5	Electricals (14) Electronics (38)					! 11.7 11.7		5.48 3.77	10.81	31.50 15.97		1322.45 1266.12		1516.07 1682.90
6.	Mechanical Engin	eering (6	2)	284.2	25 -0.5	i 11L3	32	4.90	10.76	5.33	285.70	285.33	284.73	243.62
8	Metals and Metal Motors (16)							8.22 5.23	9.45 9.20	3.97 3.20	186.08 161.34	185.94 160.37	184.76 159.50	
10	Other Industrial M							3.65	15.88	13.40	922.10	927.89	915.03	
21	CONSUMER CR			647.1	39 - 0.2			3.99	12.55	16.21	649.27	644.19		
22 25	Brewers and Dista Food Manufacturi							4.56 4.86	11.04	8.38 11.49	614-27 499-73	607.56 492.78	606.46 492.69	
26	Food Retailing (1							2.74	22.94	12.87	1522.45		1493.04	
27	Health and House	hold Proc	lucts (9).	1027.				2.88	17.94	10.89	1031.75		1016.44	
29 32	Leisure (22) Newspapers, Publ							5.33 4.47	13.74	13.45 35.22	613.60 1715.77	622.92 7703.32	617.73 1709.10	
33	Packaging and Pa				-03	10.7		4.50	11.08	6.20	331.80		325.65	225.78
34	Stores (42)			625.4				3.42	16.95	9.27	624.41		612.31	415.77
35 36	Textiles (18) Tobaccos (3)			257 (4.84 5.04	7.82 6.44	6.41 17.44	329.86 849.45		327.69 842.23	
41	OTHER GROUPS	(101)		649.4				4.31	12.83	10.96	653.74	647.65	646.28	426.57
42	Chemicals (19)			/UKJ				5.22	8.45	15.37	722.82		721.22	
44 45	Office Equipment Shipping and Tran	(4) KDOM (12)	171.4 1098.				4.92 4.78	16.11	3.58 25.43	170.13 1109.16	167.12 1079.84	168.84 1075.79	
46	Miscellaneous (64							3.88	15.74	10.13	812.66	895.46	802.56	598.00
48	Telephone Netwo					9.3	_	4.04	14.36	13.20	804.08	795.25	793.74	0.0
49	INDUSTRIAL GR						_	4.21 7.36	12.23 7.46	10.03 38.38	616.6I 1138.40	611.58	608.76 1123.81	1021.18
<u>51</u> 59	0ils (17) 500 SHARE INDI							4.64	11.25	12.31	660.26	654.96	651.85	
61	FINANCIAL GRO						~	5.30		9.83	471.83	467.12	460.86	368.85
62	Валкз (6)	-		503.5	51 / +1.1	153	36	6.82	9.29	11.71	497.81	490.18	478.14	352.67
65	Insurance (Life) (١ ١	4.44 5.35	=	14.71 8.53	732.38 365.32	718.82 362.45	718.53 352.69	
66 67	Insurance (Broke						12	3.98	24.84	20.10	1044.07		1027.48	
68	Merchant Banks (11)		226.5			_	4.87	21.54	4.92	226.31	226.31	226.25	
69 70	Property (50) Other Financial(2)							3.86 6.02	13.42	8.46 6.88	598.51 270.65	596.05 269.54	597.19 265.70	
77	Investment Trusts	(107)		572.5			_	3.80	_	8.89	571.85	568.48	567.55	475,70
81	Mining Finance C	3)		268.9	72 -0.5			5.70	9.61	5.29	270.35	265.52	262.37	258.19
<u>91</u> 99	Overseas Traders ALL-SHARE IND	(15)	<u></u>	630.2			_	6.31 4.74	9.90	20.51 11.52	631,80 607,21	627.80	628.47 598.52	516.50 485.07
77	ALL-SHARE INC	EA (/40]	-i			-			₩-				
	}			Inde:				Day's	July	July 4	July 3	July 2	July	Year ago
	FT-SE 100 SHAR	E INDE	<u> </u>		2 -18				1260.6	1249.1		1250.8	1246.8	
_	FD	(ED	NTE	REST					AGE GR MPTION	OSS YIELDS		Mon July 8	Fri July 5	(766corr) São (766corr)
_		Maa		Fel			$\overline{}$	Brittle	sb Govern	nment				
	PRICE INDICES	July	Day's change	July	xd adj. today	호텔 2년. 1985	וַ			5 years		10.19	10.21	· 11.36 11.35
		8	%	5		to date	3			5 years 5 years		10.44 10.12	10.48 10.16	10.77
_	British Covernment			i			4			5 years		11.25	11.28	12.46
1	5 years	117.92	+0.07	118.00	0.17	6.08	5			5 years		10.76	10.79	11.81
2	5-15 years	130.49	+0.25	130.16	~ 1	7.34	6 7	High		5 years 5 years		10.30	10.34 21.35	11.30 12.42
3	Over 15 years	136.19	l .	135.86	}	6.87	á			5 years		10.94	10.97	31.98
4	trredeemables	148.07	ı	147.37	`	7.27	9	!	2	5 years		10.51	20.53	11.22
5	All stocks	128.66	1	128.50	0.06	6.91	_		enables .		<u>1</u> _	9.93	9.98	10.65
				 		_	11 12			5 years		11.83	11.87 11.70	12.57 12.80
_6	Bebentures & Loans	189.90	+0.34	109.53	_=_!	6.08	13		•	15 years 25 years		11.66 11.48	11.54	12.86
7	Preference	80.09	+0.11	80.00		3,44		Prefer	10Ct	<u> </u>	+	12.32	12.34	13.14
-					COVER		MDE	X-LIN	KED ST	OCKS				
_	100 - 1	110			7			_				949	24	3.83
8	All stocks	110.87	+0.18	110.67	-	L34	16	Inflatio	AI FAIR			3.63 3.44	3.64 3.45	3.65

†Flat yield. Higks and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is wallable from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

finished with double-figure losses. Valin Polien. 530p. and Boase Massimi Pollitt. 350p. gave up 20 apiece, while Good Relations shed only a few pence to 193p. Wight Collins Rutherford Scott, on the other hand, managed a gain of 5 to 350p. after 355p. following the full-year figures. Publishers showed scant alteration, although Associated Newstion, although Associated News-papers hardened 10 to 910p awaiting today's half-timer.

Among quiet Properties, Control Securities recorded a Press-inspired rise of 3 at 39p, while City Site Estates firmed 5

while City Site Estates firmed 5 to :15p.

In lacklustre Textiles, profit-taking clipped a few pence from Coats Patons at 157p, but Press comment lifted Sekers International 3 to 58p. Carpets International, also the subject of weekend mention, touched 58p but succumbed later to scattered offerings and finished 2 off on balance at 55p.

balance at 55p.
Exco International were a par-EXCO International were a par-ticularly volatile market; up to 224p in response to the sale of its controlling interest in Telerate for a net consideration of around \$425m the shares dipped sharply after-hours on a closer examination of the deal to finish a net 7 lower at 200p. British and Commonwealth, which holds 21.8 per cent of Exco, fell 7 to 253p.

Lasmo easier

The absence of any hard and fast news from the full meeting fast news from the full meeting of Opec oil ministers held in Vienna over the weekend—the next meeting is scheduled for July 22—was regarded as disappointing and dealers marked leading oil shares a few pence lower at the outset. Thereafter little activity was seen in the sector, although prices tended to harden a shade during an extremely subdued session. figures and proposed one-for-four scrip issue. In Hotels, Grand Metropolitan carried last week's recovery a stage further and touched 302p before late selling left the shares a net 4 off at 296p. Kennedy Brookes closed 5 to the good at an extremely subdued session. Suggestions in the weekend Press that Enterprise Oil had picked up a small stake in LASMO at the end of last week failed to 235p, after 238p, on the interim figures and proposed 20 per cent the end of last week failed to inspire the former which ran back 6 to 365p; Enterprise eased 2 to 164p, after 163p. Britoil gave up a like amount at 213p ahead of the interim results, scheduled for Friday. Among secondary issues lavent Energy rose; to £11, after £11½, in response to favourable Press mention, as did Goal, 2 firmer at 940. High-flier Pentland ran into further selling and dropped 85 more for a two-day decline of 125 to 745p. Elsewhere in miscellaneous industrials, Celtic Baven lost 7 to 69p following the liqui-dation of speculative positions, but Vinten rose 7 to 112p in response to the cheerful state-ment which accompanied the

Golds gain ground

A reasonable two-way business developed in South African sectors of mining markets. Golds sectors of mining markets. Golds mirrored the movements in bullion markets, and gained ground at the outset before turning easier around midday and railying in the after-hours' trading. The outcome was that most issues ended with minor overall gains and the Gold Mines index put on a further 4.7 to 415.5, a gain of almost ten points during the past two trading sessions.

Bullion traded above \$312 an ounce throughout the morning

341p and Beecham cheapened 3
o 320p. Rank Organisation ounce throughout the morning ardened 2 to 327p ahead of hursday's interim results, while \$309.25 in the afternoon prior to closing \$3.5 figure on belance. to closing \$3.5 firmer on balance at \$315.25.

ned International rose 3 to 647p n Press comment. Randfontein performed Leisure issues lacked a decided strongly among the leaders and put on almost a point at £774, while Winkelhaak rose 1 to £201. Gains of around a half-point were common to Doorsfontein, £12, Kloof, £301, and Western Holdings, £23. East Daggaforrust 10 to 123p, with the "A" hares 6 higher at 108p, Aspinall, ided by "call" option activity, lardened a few pence to 125p. tein were outstanding among cheaper-priced stocks and put on 22 to 308p. Unisel advanced 57

oday, eased 4 to 130p.
Sellers held sway among Wotors. Lucas Industries dipped 7 to 308p, while Dowty fell a South African Financials and 176p. Renewed interest was noted for Automotive Products, Platinums drew strength from the good showing by Golds. De Beers were a shade harder ahead of the half-year diamond sales figure, while Anglo Ameri can Corporation attracted good support from Johannesburg to settle | better at £111. Rio Tinto-Zinc were subject

finally 4 up at 81p. Saatchi and Saatchi became a casualty and fell to 630p before settling 30 lower on balance at 640p following publicity given to a broker's bearish circular. The disquiet spread to other advertis-

ing agencies which consequently to selling pressure early in the

سنك فعلم بديواج								
EU	ROPE	AN	0P1	TION	is E	KCH	ANG	ìΕ
Se	ries	Vol.	lug. Last	Vol.	iov. : Last	VoL	Feb. , Last	Stock
GOLD C	8320 9340	_	. 5	22	- - !	Ξ	=	\$3 09.90
GOLD C	\$360	200	2,50	20	. 7	_	. =	
		Şe	ept	_	ec.	Mar	-	
SILVER C	8600 8650:	=	: =	. 10		10	: 78 : 55	8592 "
SILVER C	\$700 8750	10 8	8	10		Ξ	: =	= 1
ŞILVER P	\$550°	_	<u>:</u>	. 15		: =	: =	"
SILVER P	\$600 Fl,340	-	. .	4	. 35	-	; –	F1839,45
I S∤FL C	F1.350	20	1 4.20	. =	· . =	=	. =	i 12
S/FL C	F1,355 FL360	6 <u>9</u>	; š	. 35	6,30	=	: =	. 11
S/FL C S/FL C	Fl.365 Fl.370 Fl.335 Fl.340	31 20	0.80	_	- = :	=	• -	
S/FL P	F).335	542	7.10	7	11.50	=	• =	
SIFL P	F).340; FL860:	17 31	8.70	23	.14.50	_	<i>;</i> _	
D/FL P	FL 370	-		15	1 37		_	`
8/DM C 8/DM C	DM.310	=	! =	5	4,70	300	. 8.BO	.DM&01.25
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£;\$P	8135.	_	_	20	8,80	-	. =	: ;;
		J	ul.		Oct.		lan.	
ABN C	F1.480	25	0.40	338	14.20	225	;18.10	FL480.50
AEGN C	F1.95	336	4.6D	353 66 0	4.90 : 7.50	6	8,50 A	FI.59.88
AEGN P	Fl.100 Fl.240 Fl.230	42 140	1.50 2.50	118 305	9.50	15 26	13,60	FL259.10
AH P AKZO C	FL230	2533	1,50	57 2428	2.50	596	!	FI,119
AKZO P	Ft.120	296	₹	662	i 4.90 ,	171	6,50	
AMRO C	F1.65 F1.60	355	1.80	108	44	245 87	. 5	FI.86,30
GIST C	Fİ.190	188	, 13.50	28	. 18 ,	33	. 23	F1.205
GIST P HEIN C	FL200 F),150	241	2,10	56 41	4.50		i 7	FI.151
HEIN P	Ft.150'	14	1	18	3	žč	8.40 4.10	F1.63.50
HOOG C	F1.60	865 59	3.70 0.20	291 248	5.80 1.40	257 44	9.20	
KLM C	FI.65 FI.60	144 193	0.20	283 248	1.50	44 35 9	2.70	F1.60.50
NEDLC	FL170	74	0.40	92	4,60	_	****	F1.161
NEDL P	FJ.160	116	1.10			-	! -	
NATH C NATH P	F1,72,60 F1,65	950 100	3.80 0,10	200 31	4,90 ·	47	! 7	FL 76,20
PETR C	Fr.6500 Fl.60	· —	¨= i		350	_		F-5690
PHIL C	F1.66	208	، به ا	401	0,70 4,50	658 168	1.20	F) 51,10
RD C	F),210' F),200	216 676	0.30 2.50	826	2.70	204 18		F1,138,90
ROBE G	FI 75	108	2,50	20	4.10	-	_	FL 77.50
ROBE P UNIL C	F1.72.50 F1.360	276	0.10	220 19	0.40 13,10	-	14.50	F1.366
UNIL P	FI.540	_ [12	2,30 A		3,50	
TOTAL VOL	UME IN O	ONTRA	OTS: 43	BSS				
I TOTAL VOL	.ume.in φ A≏A		B=Bid	-	Call	P= P	_	1
ī	~-~			-		- P	-	

day and closed 5 off at 567p, but Consolidated Gold Fields rallied from an initial 502p to close unaltered on balance at 505p Hampton Areas edged higher to

end 3 better at 130p.

The best performance in a single day this year by overnight Sydney and Melbourne market produced an early mark-up of Australian issues. Little activity ensued, however, and many stocks closed a shade below their best levels. Golds performed well and Central Norseman Gold jumped 10 to 388p, white Gold Mines of Kalgorlic and Poseidon rose 5 apiece to 435p and 178p

rose 5 apiece to 435p and 178p respectively.

Traded Options continued to be influenced by the relatively thin business in London equities. Total contracts transacted amounted to 5,768. A lively two-way business developed in ICI which attracted 622 calls and 734 puts, 403 of the latter done in the October 700's. Racal were also active with 489 calls struck, a significant proportion of which

ACTIVE STOCKS

MOINT CIT		
Above average activity the following stocks you	esterday	
	Clasing	Day's
Stock	price	egnicka
Bristol Oil & Minerals	22	+ 3
Celtic Haven	69	- 7
(C)	727	-20
Logica	125	+20
Pentland Inds	745	- 25
Racal Elects	134 •	- 2
SGB	142	ā
Saatchi & Saatchi	64	-30
Thorn EMI	312	- 4.
	112 :	+ 7'
Vinten	170	÷ 10-
Ward Holdings	72	- 6
Yorkshire Chemicals		

FRIDAY'S

ACTIVE	ST0	CKS	•
	No. of changes 25 23 19 18 16 14 14 14 13 12	Fri. close 105 830 316 104 408 260 260 264 747 240 1121 2 136 572 106	Day's change -580 - 580 - 283 + 8 + 257 + 116 - 2 + 17 + 14 - 2

Last Last For Deal- Declara- Settleings ings tion ment
July 8 July 19 Oct 10 Oct 21
July 22 Aug 2 Oct 24 Nov 4
Aug 5 Aug 16 Nov 7 Nov 18
For rate indications see end of

Share Information Service
Stocks favoured for the call
included New London Oil, Combined Technologies, Raine Industries, Habit Precision Engineering. Racal, James Nelli, Aspinali, Falcon Resources. Burton, STC, Tuskar, Logica and Premier Oil. No puts were reported, but a double was struck in STC.

Duty free trader reports £100m sales

ALLDERS INTERNATIONAL (UK), part of one of the largest companies in duty-free trading, said it had achieved £100m sales in nine months at Heathrow and Gatwick airports.

Last year it reached £100m in 11 months. Aliders International, formerly the Ocean Trading Group, operates con-cessions for the duty-free and tax-free shops at London Heathrow, Gatwick, Southampton and Luton.

RECENT ISSUES EQUITIES

								طحد	-
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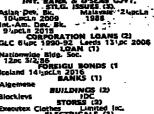
FIXED INTEREST STOCKS

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NEW HIGHS AND LOWS FOR 1985

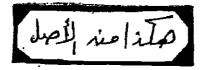


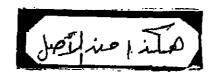
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OVERSEAS TRADERS (1)
Nesco Invs.

NEW LOWS (62) STORES (1) Craton Louge Holmes & Marchant PROPERTY (1)

LONDON TRADED OPTIONS

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				Jan	3.9.		- Jan-	l		<u> </u>	<u> </u>	<u> </u>		<u> </u>	I
B.P. (*520)	460 500 550 600	75 35 4	88 50 23 11	65 38 80	4 25 75	17 37 78	25 45 85	(*16£)	160 180 200	12 3 1	16 71 ₂	81 12 —	312 15 34	18 -	30 812
Cons. Gold (*502)	460 500 550	50 15 31 ₂	64 87 17	47 28	12 12 54	25 57	30 64	(*356)	330 360 390	53 15 4	45 27 14	52 58 22	16 37	10 25 3 7	13 27 37
Courtaulds	130 140	1 15 7	22 15	25 19	102	1205	105	Racel (*134)	120 130 140 160	24 16 9 4	34 22 16 7	40 80 82 13	5 6 11 96	4 8 14 25	10 16 30
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Marks & Sp.	120 130	1 15	25 17	10	1 38	1 34 1 3	18 34 1 —	8TE (*34.)	528 330 350	32 17	40 27	48	8	12 98	18
(*154)	140 140 150	7 11 ₉	17 9 3	22 14 4	26 26	13 31	7 15 39	Beecham (*330)	360 300 330	38 17	37	25 45		8	13
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WORLD STOCK MARKETS

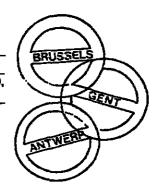
WORLD STOCK MARKETS										
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WORLD ECONOMIC INDICATORS

every Monday in the Financial Times

For further details, please contact Phillipe de Norman Financial Times (Benelux) Ltd 39 Rue Ducale B-1000 Brussels Belgium Tel: (02) 5132816 Telex: 64219

FINANCIAL TIMES EUROPES BUSINESS NEWSPAPER



Prices at 3pm, July 8

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NYSE COMPOSITE PRICES

AMEX COMPOSITE PRICES

Prices at 3pm, July

NYSE COMPOSITE PRICES	AIVIEX COIVIPOSITE PRICES Prices at 3pm. July 8
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FINANCIAL TIMES **WORLD STOCK MARKETS**

WALL STREET

Cars drive home profit uncertainty

INCREASING WORRIES over the trend of the U.S. economy, accompanied by a sharp dip in the dollar on the foreign exchange markets, cast a cloud over Wall Street yesterday, writes Terry Byland

Sharp falls in car issues featured in a widespread downturn in the stock market on revived nervousness for corpo-

rate profits. At 3pm, the Dow Jones industrial average was down 8.85 at 1,325.60.

In the credit markets, hopes for a cut in the discount rate cooled ahead of this week's meeting of the Federal Reserve's

Open Market Committee (FOMC).

The FOMC meeting opens today to plan credit strategies and review the board's monetary targets. Pressures on the Fed to ease credit policy have increased, as economic data have seemed to confirm weakness in the U.S. econo-

However, Wall Street believes the Fed may be inhibited from slackening policies by the renewed rise in money supply disclosed on Friday in an unexpected jump of \$2.6bn in the latest M1 total.

The stock market, on the brink of the corporate quarterly reporting season, began its fall as the latest survey of U.S. purchasing managers seemed to confirm the economic sluggishness indicat-

Standard & Poors 500

1982

July B Previous Year ago

678.96

192.52

955.7

1,260.0

607.21

860.26

410.8

13.029.65 13.040.10 10.461.9

1,054.00 1,048.20 792.06

882.4

514.9

78.79

10.53

474.69

152.24

811.6

485.07

525,87

532.3

11.10

668.0

422.6

53.81

107.7

182.44

90.58

973.8

B22.86

157.8

127.5

903.23

864.1 916.8

90.27

364.4

173.4

\$311.75

\$311.75

\$311.36

\$311.00

Lira

1,042.3

1,325.60* 1,334.45 1,122.57

STOCK MARKET INDICES

676.03°

191.50*

951.2

605.77

657.96

98.05

2,342.31 2,347.76

1,871.0° 1,873.6 2,733.0° 2,739.5

123.4

1.472.7 1.486.2

1.566.68 1.570.3

134.01 133.87

n/a 202.13

124.10

502.62

345 30 343.05 209.11

221.2

186.3

325.12 325.11 243.95

986.5 991.8

1,294.86 1,293.43 1,484.07

460.3

216.3

July 6 \$315.25

\$309.50

S312.55

\$312.75

\$316.60° \$311.40

746.46 753.14

110.82 108.43

469.1

217.7

GOLD (per ounce)

415.5

S&P Composite

LONDON

FT Ord

FT-SE 100

FT-A 500

TOKYO

FT Gold mines

FT-A Long gift

Nildosi-Dow

Tokyo SE

AUSTRALIA

Metals & Mins

Credit Aktier

Belgian SE

Toronto Metals & Minis

All Ord.

AUSTRIA

BELGWN

CANADA

Portfolio

DENMARK

FRANÇE

CAC Gen

WEST GERMANY

Commerzbank

FAZ-Aktien

HONG KONG

Hang Seng

Banca Comm

NETHERLANDS

ANP-CBS Gen

ANP-CES Ind

NORWAY

SINGAPORE

Stratts Times

SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Capital Int'l

Swiss Bank Ind

SPAIN

SWEDEN

WORLD

London Zunch

Paris (fixing)

Luxembourg

New York (Aug)

ITALY

ed by last week's federal employment

Signs that the Detroit car makers are heading for an all-out price war as well as intensified Japanese competition hit motor stocks hard. General Motors, believed to be planning hefty boosts in output but only modest price increases, fell \$1½ to \$69%. The market's unease was fed by General Motors' announcement of \$600m in manufacturing plant expenditures.

Also under pressure was Ford, which would take the brunt of any price offensive by General Motors. At \$43%, Ford dipped \$1%. Chrysler lost \$% to \$34%.

By contrast, stocks of Japanese car manufacturers, traded in the form of American Depositary receipts, strength-ened. Honda added \$\%\$ to \$60 and Toyota S% to \$10%.

R.F. Goodrich added \$1 to \$31% after closing a small tyre plant. Other tyre industry stocks weakened behind General Tire, \$% lower at \$46%.

IBM lost \$1 to \$123% but trading was modest. Big Blue's issue of 30-year debentures, its first appearance in the bond market for six years, was increased from \$400m to \$500m, in response to strong demand from institu-

Oil stocks remained out of favour following the failure of the Opec ministers to agree on measures to shore up crude oil prices. Exxon dipped \$\% to \$52\% after a 1.9m share block was traded at \$52% by Jefferies, the major trader in the third, or off-trading floor, stock market.

But airline stocks drew no further benefit from expectations of a further slide in oil prices. United eased \$\% to \$56%, while Pan Am remained unchanged at \$7 in light trading.

Defence/aerospace stocks suffered fresh losses. General Dynamics tumbled

CURRENCIES

Previous

247.0 9.15

25185

3.3845 1,915.5 60.6 1.357

INTEREST RATES

U.S BONDS

1021%

101%

81% 85%

100%

July B

1071% 10.04

108232 10.31

Yield

8.533

9.882

Yield

10.00

8.625

10.70

10.50

11.95

78-16 78-29 78-13 79-00

93.17 93.25 93.16 93.32

92.63 92.68 92.61 92.75

92.33 92.35 92.28 92.35

111-07 111-08 110-22 110-27

FINANCIAL FUTURES

Bonds (CBT)

ates of Deposit (IMM)

ial Cili

U.S. DOLLAR

July 8

9.0775

2.4995 3.3565 1,904.0

60.15

1.358

3-month U.S.S

6-month U.S.\$

(3-month offered rate)

FFr

(offered rate)

Treasury

8½ 1987

11% 2015

Corporate

10% June 1990

3% July 1990 8% May 2000

10% May 1993

10% May 2013

11.80 Feb 2013

12% Dec 2012

CHICAGO

Sept

Sept

LONDON

U.S. Treesur

8% 32nds of 100%

S1m points of 100%

S1m points of 100%

Three-month Eurosia

£50,000 32nds of 100%

\$1m points of 100%

U.S. Treasury Silis (IMM)

Source: Salomon Bros

Abbot Lab

10% March 1993 100%

Federated Dept Stores

Diamond Shamrock

AT & T

1992

10%

11% 1995

U.S. Fed Funds

U.S. 3-month CDs U.S. 3-month 7-bills

1300

1000

950

1900

STERLING

July 8 Previous

1.3275

3.99

327.75

12.145

4.4925

2.542.0

80.45

12½ 5¼ 5% 10%

7%

8% 7.45 6.77

Price Yield

107% 9.97

Prev

100% 10.50

101%

81% 85%

8.45

9.80

10.27

10.00

8.625

100%2

1021%

109

3.34

1.345

4.005

330.5 12.23 3.355 4.5075 2,555.5

81.3 1.814

10%

7.40° 6.91°

"是我E我的ARKET MONITORS"。

a further \$1% to \$77%. McDonnell Douglas fell \$\% to \$79\%, and Lockheed at \$53% also shed \$%.

Chemical stocks were mostly easier although prices steadied from the day's lows. Du Pont, \$% down at \$59%, was a soft spot. Pharmaceuticals were irregular, despite the weakness of the dollar which helps the industry's overseas sales and profits. A fresh wave of opti-mism for an anti-baldness drug pushed Upjohn ahead \$2% to \$114%. Merck, the sector leader, remained strong, adding a further \$% to \$112%. But Pfizer eased \$%

Among the Wall Street traders, E. F. Hutton fell S1% to \$32%, as federal officials continued their examination of the firm's cash management practices.

Telerate, operator of the electronic bond market information system, eased \$% to \$18% after Exco, the UK finance industry group, sold its stake to Dow Jones. MCA, the film and record group, fell S1% to \$62% after commencing its purchase of the outstanding equity of L. J. N. Toys, \$% off at \$13%.

Nervousness over retailing profits brought falls in the department stores. Tobacco stocks ran into sellers again.

In the credit markets, short-term rates jumped sharply as expectations of a cut in federal discount rate evaporated. Three-month Treasury bills were 16 basis points higher. Federal funds remained active, but slackened to 7% per cent as the holiday weekend positions were unwound.

In the bond market, the longer end held steady but the nearer dates were more irregular.

TOKYO

Foundations slip after firm start

AFTER opening higher, share prices in Tokyo yesterday were hit by late profittaking and closed lower on balance, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow market average advanced 62.56 at one stage, but slackened later, finishing at 13,029.65, down 10.45. Volume expanded from last Friday's 615m to 690m shares, reflecting buying of large-capital issues by business cor-

Revived speculation that the U.S. Federal Reserve Board would reduce its discount rate soon, sent prices higher al-most across the board.

But the upward trend tapered off as investors became wary of precariously high prices. Another unfavourable factor was the offloading of some biotechnology stocks.

Corporations and institutional investors sought large capital issues in anticipation of lower interest rates in Japan and overseas.

Mitsubishi Heavy Industries gained Y7 to Y342 with the biggest turnover of 65.43m shares. Nippon Steel firmed Y3 to Y165, while Tokyo Gas rose Y4 to Y243 and Tokyo Electric Power Y60 to Y2,200. Keisei Electric Railway, the second busiest with 38.63m shares traded, rose Y31 to Y491. Tokyu Corporation gained Y18 to Y467 and Keihin Electric Express Railway rose Y31 to Y422.

Constructions also gained ground on a wide front on speculation over the planned construction of a trans-Tokyo Bay road. Sato Kogyo, the third busiest with 22.57m shares, firmed Y16 to Y316, Ohbayashi Y14 to Y347, and Nishimatsu Construction Y20 to Y375.

Tokio Marine and Fire Insurance topped Y1,000 at one stage, closing up Y13 at Y983. Yasuda Fire and Marine also gained Y9 to Y642, and Taisho Marine and Fire rose Y27 to Y667.

Mitsubishi Warehouse put on Y33 to Y590 on investor appraisal of its hidden assets. Sumitomo Realty added Y27 to Y895, and Mitsubishi Estate Y20 to Y894. By contrast, some biotechnology stocks plunged Dainippon Pharmaceuti-cal shed Y230 to Y3,150, Mochida lost

Y180 to Y9,820 and Sankyo Y30 to Y1,160. Bond prices firmed due to lower U.S. interest rates, with yields on long-term bonds almost matching those of shortterm bonds. Major securities companies and city banks showed no signs of re-

The yield on the benchmark 7.3 per cent government bond, due in December 1993, declined from last Friday's 6.290 per cent to a record low of 6.255 per cent.

AUSTRALIA

treating.

MAJOR industrial issues highlighted enlivened trading in Sydney with for-eign investors adding to the domestic

buying pressure.

By the close of trading rises outnumbered falls three to one and the All-Ordinaries index finished 19.7 higher at 1,291.6 on sharply increased turnover.

BHP led the way with a 16 cent im-provement to A\$4.38, while banks were the strongest sector as ANZ firmed 25 cents to AS4.85.

SINGAPORE

FOR the seventh consecutive day prices slipped across a broad front in Singapore, leaving the Straits Times industrial index at its lowest level since January

Turnover also shrank as investors failed to locate any buying incentives. Sangyong Cement was among the heaviest losers, falling 20 cents to S\$1.40 while Magnum Corporation slid 14 cents EUROPE

Fresh move to higher Swiss peaks

THE BULL RUN that sparked a succession of records on the European bourses last week continued yesterday in many centres although profit-takers had the

upper hand in Germany.
Strong foreign demand combined with broad support for recently neglected issues in Zurich to take leading indices to all-time highs. The Swiss Bank industrial index rose 8.8 to a record 469.1, while the general index breached the 500 point barrier with a 6.0 increase to 505.1.

Some bank issues consolidated their gains of last week although UBS firmed SwFr 15 to SwFr 4,350 and Baer Holding sprinted SwFr 250 ahead to SwFr 9,250. Bank Leu retreated SwFr 20 to SwFr 3,900 while Swiss Bank traded SwFr 2 dearer to SwFr 473.

Nestlé extended the gains secured in virtually every session last week with a further SwFr 385 to a peak of SwFr 6,900, while Jacobs Suchard edged SwFr 15 lower to SwFr 6,660.

Electrowatt, which has encountered persistent demand on the path to new highs, enjoyed another buoyant session and a SwFr 170 advance to SwFr 3,190.

Sandoz sparkled with a SwFr 475 jump to a 1985 high of SwFr 9,100, a surge of SwFr 650 so far this month, while Ciba Geigy scored a SwFr 95 jump to SwFr 3,625, a SwFr 455 gain over the

past fortnight. Alusuisse, which failed to benefit from the bullish trend last week, firmed SwFr 10 to SwFr 760, while insurers, also recently out of favour, saw Winterthur pick up SwFr 15 to SwFr 4,350 and Swiss Re, a net SwFr 200 weaker by the end of last week, traded SwFr 40 higher to

Bonds finished steady. Amsterdam, scene of a spate of rec-ords last week, firmed although uncertainty over oil prices hit Royal Dutch, a major constituent of the ANP-CBS index, which eased 0.2 to 220.9. Other sectoral indices, however, secured new peaks.

SwFr 13,150.

Royal Dutch dipped FI 2.50 to FI 198.90, while Philips surrendered Fl 1.90

Foreign buying was evident through-

out the session and local institutions

were tempted into trading on the strength of Dutch economy.

Banks and insurers displayed the most confidence as ABN surged to a new 12-month high of Fl 480.50, a rise of Fl 9, and Amev, which has finished stronger in each session this month, jumped to another record with a FI 9.50 increase to

FI 271.50. Reflecting the strength of financials. the insurers index gained 8 points to a 12-month high of 602.50 and the banking index hit a peak of 339.9 with a 3.3 rise.



Bond prices were unchanged to 30 basis points higher on select overseas buy-

Milan continued to focus attention on the BI-Invest corporate drama. Chemical group Montedison rallied L86 to a record L2,050 after a subsidiary acquired control of BI-Invest for over L200bn. The insurance, financial services and property concern - formerly controlled by the Bonomi family - shed L490 to L5.330.

The profit-taking that erased some of the recent gains in Frankfurt was not consistent and by the close some recovery was attempted. The midday calculation of the Commerzbank index, however, reflected the earlier, easier, tone with a 13.5 fall to 1,472.7. The decline was partly attributed to the absence of foreign investors, who were deterred by the fall of the U.S. dollar against the D-Mark.

Most sectors lost ground with electrical, chemical, motor and retailing issues lower at the close. Banks and engineers finished mixed.

Bonds gained up to 30 basis points while the Bundesbank sold DM 18.5m in paper after Friday's sales of DM 81.5m. Paris drifted in thin trading, while Brussels tended mixed. Madrid gained ground and Stockholm adopted a lack-

lustre stance after Friday's sharp fall.

LONDON

Sterling adds glitter to gilts

LEADING equities lost ground during dull trading in London yesterday as elec-tronics stocks continued to exert an un-

settling influence. A marginal improvement during the afternoon reduced losses, with the PT Ordinary share index closing 4.5 lower at 951.2 after being off 7.6 around mid-

day.
Sterling's improvement against the U.S. dollar lifted gilts. They also benefit ed from expectations about today's announcement on June banking statistics. Some longer-dated gilts rose % before easing to close around % higher on bat-

ance, while selected shorts moved up *... Chief price changes, Page 35; Detalla Page 34; share information service.
Pages 32-33

CANADA

A MILD weakness developed during trading in Toronto, although a relatively large number of stocks were unchanged.

Among the most active, Stelco Glass traded up C5% to C\$20%, Canadian Pacific down C5% to C\$19% and Pagurian Glass was also down the same amount

Montreal was also lower in thin tradìng.

HONG KONG

INVESTORS remained on the sidelines in Hong Kong with prices fluctuating between narrow margins during a feature

In the banking sector, Bank of East Asia lost 30 cents to HK\$23.40, Hang Seng was steady at HK\$46.50, while Hongkong Bank firmed 5 cents to HK\$7.65.

SOUTH AFRICA

LOWER priced gold shares were the most actively traded in Johannesburg with turnover light in all sectors.

A firm bullion market held up the prices of leading issues, although movements were small. Diamond stocks De Beers added 10 cents to R10.55.

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FINANCIAL TIMES SURVEY

After years of mismanagement and neglect, a country with enormous potential is implementing a tough programme of rehabilitation. The questions outstanding, however, are whether the Government can win adequate backing from aid donors, win more foreign investment and keep to the path of reform

Taking the IMF medicine

By Michael Holman

RESPLENDENT in his heavily gold-braided Marshal's uniform, baton to hand and decorations on his breast one of Africa's most prominent and controver-sial leaders greeted the crowd which had gathered for his reinvestiture with an imperious

V-for-victory sign.

It was December 5 last year and Mobutu Sese Seko of Zaire, sole candidate of the only legal party in the presidential elections, had the month before been returned to office for a further seven years to preside over a debt-burdened, impo-verished nation whose enor-mous potential has yet to be

35-year-old Lieutenant-General ministers for a review of the had seized power in November country's economic crisis and 1965, was back on the presi- the measures that were to be dential podlum after two fraught decades is a tribute to his capacity to override dissent, quell rebellions and crush coup attempts, and perhaps above all, to survive the results of his catastrophic economic policies of the mid-70s, and emerge an extremely wealthy man.

and close scrutiny of the Inter-national Monetary Fund (IMF) and the World Bank—on a programme of economic reform

ME

EAW

and duration arguably unparalised in Africa. Barely an institution or an economic sector has been left untouched, measures include a massive devaluation in September 1983 which has almost eliminated a once flourishing foreign currency black market, the lifting of price controls, the imposition of rigid ceilings on government spending and meets.

government spending and meet-ing rescheduled commitmenton a U.S.\$4.4bn external debt. If the programme should succeed in reversing the decline of a nation enervated by mismanagement and corruption it will be a remarkable success for-

the fund and its policies, as well as confounding those sceptics been in who point to the failures of grating. Zaire's past efforts. rous potential has yet to be
The reform began as far back as December 1982 when PresiThat Mr Mobutu, who as a dent Mobutu called in senior

the measures that were to be adopted.

The scale of the crisis was overwhelming, and had deep historical roots going back in part to Belgium's colonial legacy and in part to the economic mismanagement of the 1970s compounded by external factors over which Zaire had no control—such as the fall in cop-The same man, however, has control—such as the fall in cop-mbarked—under the tutelage per twices and the rise in fuel

ational Monetary Fund (IMF)

When Belgium hastily conditional formula for the World Bank and other major donors.

Without rescheduling, Zaire's made clear to Mr repayments in 1985 (including Monetary by sceptical Western

sequences of which are re-membered with horror to this day. It was amidst a general sense of relief, then, that Lt. General Mubutu took power in 1965 and soon began to stamp his authority on a vast nation which almost straddles the waist of Africa and which had been in danger of disinte-

Attractive .

From 1968 to 1974, when GDP grew around 7 per cent in real terms annually. Zaire seemed one of the most attractive investment prospects in Africa. A leading copper and cobalt producer, the world's largest supplier of industrial diamonds, rich in coffee, timber, palm oil and other agricultural exports, it also had vast reserves
of hydro electric power. With
Western bankers enthusiastic to
lend, Zaire embarked on a
borrowing spree, the burden of
which it bears to this day as the

ation arguably unparal- given little if any opportunity payments to the IME) would.

Africa. Barely an to forge national rather than have reached nearly U.S.\$1bn,

n or an economic tribal or regional institutions, nearly 60 per cent of export

-Had the money been invested in well-managed, sound projects, today's story might be different. But much went on grandiose, ill-conceived ventures, and much was siphoned off by a ruling clite whose security and profiters. elite whose corrupt practices reached the highest level. The last straw was President Mobutu's decision in November 1973 to "Zairianise" (hand over to Zaire nationals) most businesses in industry, com-merce and agriculture, followed: by nationalisation when new owners proved incompetent.

In the years that followed Zaine inrohed from crisis to crisis, both economic and political. A seemingly encless round of debt reschedulings and IMF programmes which invariably collapsed was accompanied by two rebel invasions of the mineral rich Shaba province in 1977 and 1978.

By the beginning of the 1980s most observers had 1980s most observers had despaired of Zaire, and it was against this background that Mr Mobutu, now in his mid-50s and perhaps wanting to leave behind a more respectable legacy, decided yet again to start taking the IMF medicine, an essential precondition to deby rescheduling and the

But it was made clear to Mr



President Mobutu: efforts to rehabilitate the economy still

officials that he had to prove his commitment before support would be forthcoming. At the ber, 1982, meeting the President won the backing of his ministers for the painful mic reforms.

In September, 1983, the Government bit the hardest bullet of all: a massive 77.5 per cent devaluation of the Zaire, which paved the way for an SDR 228m 15-month pro-gramme, succeeded on its expiry earlier this year by a further one year SDR 162m

31m people have been considerable. The post-devaluation inable. The post-devaluation inarea, who will take advantage of long-term creditors than it creases in petrol and food prices his monopoly by setting a purare only partially compensated chase price well below the in their impact on consumers by theoretical market value.

This is but one example of a service ratio over the next five 100 per cent to 20 per cent (per-problem which neither the IMF creases in petrol and food prices are only partially compensated in their impact on consumers by the all-in inflation from around

haps higher) at the current

It is the low-paid workers and peasant farmers who bear the brunt of cuts in social services, rather than the ruling elite of Zaire's only legal party, the Mouvement Populaire de la Revolution (MPR).

Further, the beneficial impact of some measures is only par-tial. The lifting of price ceilings on agriculture has helped boost production but many peasant farmers are unable to reach the market because of poor roads or ack of transport.

Others are the victims of the operator of the sole truck in the

CONTENTS

Economy: hard slog on the road to reform Investment: new code to stimulate investors Debt profile: tremendous tasks ahead in new role model client President Mobutu answers political, economic and Politics: skilful use of power shown by President Relations with Belgium; confidence is slowly creeping Energy: steps being taken to raise efficiency Zofi investment zone: major investors stay away Gecamines restructure: the target is Diamonds: Zaire's biggest export earner Parastatals: move towards liberalisation Transport: Gecamines' problems Outlook nationally remains bleak Businessman's guide: expensive times in Kinshasa

programme nor the Western governments and institutions who support it seem able to

Agriculture: obstacles in the path of growth

ture—the roads, railways, power plants, communications, let alone plant and machinery—a real recovery cannot begin.

Despite measures which have undoubtedly improved the business climate profits and dividends are being remitted. for the first time since the mid

Deterred

New foreign investment is comparatively small, and would-be investors continue to be deterred by the weak infrastructure—as well as continuing reservations about the medium to long-term viability of the

Nor are Western aid sources, themselves with limited funds, able to provide the support needed. Zaire itself is incapable of generating its own resources the scale needed. Last year, the country paid out over U.S.\$190m more to medium and

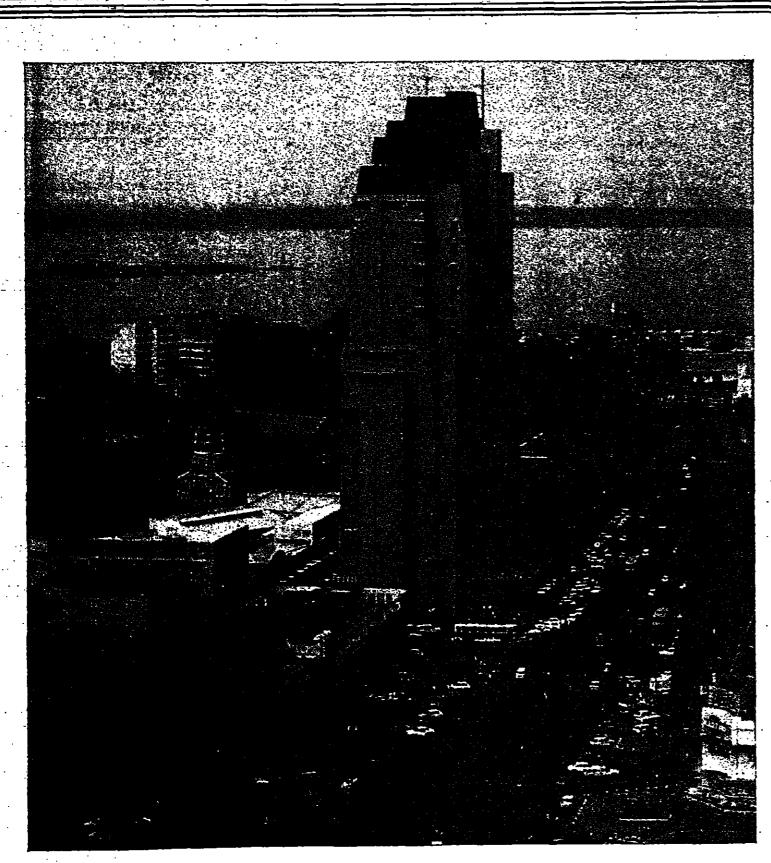
annual new disbursements of at least U.S.\$430m will be needed just to keep net transfers at zero: "obviously a situation incompatible with recovery or

This single issue overshadows all other concerns, of which there are many, including the question whether President Mobutu, far from a model of probity, is capable of ending the financial abuses which have long characterised Zaire and which, despite government efforts, still worry donors and

Undoubtedly the President remains an extraordinarily shrewd politician, shuffling Cabinet and senior army posts, thus eroding the power base of potential challengers, while at the same time co-opting his opponents.

No better example of the latter can be found than last

month's return to Zaire by the man who has hitherto been the President's most outspoken critic, the former prime minister, Nguze Karl-i-Bond.
But for all these skills, the outcome of the President's efforts to rehabilitate the economy remains in the balance. At best several hard years lie



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After years of hurtling headlong towards collapse, the country is now avidly pursuing IMF-inspired monetary and industrial reforms

Uphill all the way on the road to reform

Economy PATTI WALDMEIR

THE CONVENTIONAL economic wisdom of the West can claim few such avid converts in Africa as Zaire, a name which for many years was synonomous with corruption and mismanage-

with corruption and mismanagement on a scale possibly unrivalled on the continent.

Over the last 2½ years, Zaire has arguably gone further and faster down the road to IMF-inspired economic reform than any of the other economically struckled African patients which troubled African nations which are seriously testing the fund's

and government officials alike are given to the use of superiatives — while its potential is tremendous and excentionalise. formula.

It is a country where donors and government officials alike tives — while its potential is of the economy's more tremendous and exceptionally varied, ranging from vast ture control and improved mineral and agricultural wealth to hyro-electric power, the conpublic finances to their senses,

mic crisis: heavy and rash borrowing in the mid-1970s to fund industrial white elephants mismanagement and corruption topped off with a prolonged slump in the prices of copper and cobalt (which until recently accounted for two thirds of export earnings).

But both national and foreign accounted to the prices are accounted to the prices are are accounted to the

economists believe there are now signs that the Zairean economy has regained a certain fragile stability after years of hurtling headlong towards economic collapse. Since late 1982, the Govern-

mineral and agricultural wealth revenue collection have restricted to hyro-electric power, the constraints on development are on similarly massive scale.

Until 1983, Zaire was considered a textbook economic disaster story, providing a catalogue of the various faults and misfortunes which have pro-

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currency black market have ber 1983, government spending been virtually wiped out was cut substantially, budgetary through devaluation and the controls were tightened, price subsequent floating of the zaire: and fill the cheque books of the elite, an ill-conceived nationalisation programme in 1973-74 service projected at US\$763m in which seriously hurt production, and widespread inefficiency, has been substantially reduced through off with a prolonged through rescheduling.

Scepticism

As President Mobutu Sese Seko points out in an interview in this survey, Zaire's decision in 1983 to launch a programme of economic liberalisation coupled with barsh ansterity measures was met with considerable scepticism in the West. This is hardly surprising, given that it was the fifth successive stabilisation effort by his Gov-ernment. IMF-backed pro-grammes in 1976, 1977, 1979 and 1981—including one which earned a US\$900m loan from the fund, the second largest in Africa—had each proved disappointingly short-lived.

painful reforms before President Mobutu was able to convince the West, and particularly the IMF, of his good faith.

in earnest, and initial steps were taken to reorganise the management of the troubled copper industry, where Soza-com, the minerals marketing company, was the source of major leakages of foreign exchange. September 1983 brought a

decision to devalue the Zaire by 77.5 per cent (it had previously traded at one-fifth its official value on the black market), a move which was rewarded in December 1983 by agreement on an SDR 228m (US\$227.54m) 15-month IMF standby loan.

Since that time, Zaire has implemented western - style reforms of a breadth and scope which are probably unparal-leled in Africa. The main points of the reform effort so

far are as follows:

The Zaire has been allowed to float (although the Central Rank continues to intervene fairly prominently in the mar-ket). The move has nearly ket). The move has nearly wiped out the currency black market, with the differential between the official and black market rates now averaging only 5 to 10 per cent. The adoption of a more realistic exchange rate has also had a dramatic impact on exports as it has reduced the incentive to smuggle and has made production for export more remunera tive. Overall exports rose 20 per cent in dollar terms in 1984, with diamond output up

 Quantitative import restrictions have been removed and foreign exchange can be freely purchased through the impor-ter's commercial bank, although the 100 to 150 per cent advance deposit required by most banks is severely hurting the already poor liquidity situation of many companies. Bankers say deposits were increased early this year to try to stabilise the interbank foreign exchange market which had been seriously disrupted at the end of last year by an unexpected US\$25m purchase by the Bank of Zaire. • Profits and dividends are being remitted for the first time

in a decade.

• Agricultural producer prices have been freed, leading to a significant rise in output in some areas: most other price controls have been lifted or relaxed.

year investment programme. The notoriously corrupt

Balance of Payments

1980-84 (SDR	millions))			
. · · · · · · · · · · · · · · · · · · ·	1980	1981	1982	1983†	1984†
Exports (fob)	1,566 -1,131	1,272 -1,094	1,317 -1,022	1, 124 -1,041	1,731 -1,136
Trade balance Services (net) Net transfers/non-debt Current account	435 - 695 144 - 116	178 745 207 360	295 791 156 349	383 - 839 165 - 291	- 938 - 938 - 116 - 227
Public capitai‡ Private capital and errors/omissions SDR allocation	- 17 - 63 16	- 143 125 16	- 142 - 116	- 211 69	- 282 - 53
Overail balance	- 180	- 612	→ 598	- 433	- 461

† Provisional. ‡ Net medium and long-term borrowing-Sources: Bank of Zaite and IMF. 1 SDR = 0.980205 at December 31 1984

Net Transfers by Major Donors 1984

	(U.S.\$	millions) Service p		_
Country	Disbursements	Net transfers		
Belgium	6.2	15.0	20,7	29.5
France	10.4	9,4	24.1	-23.1
Germany	10.2	3.1	12.0	- 4.9
Haly	28.0	11.0	33.0	-16.8
U.S.		12.4	48.9	-61.3
London club			48.1	~48.1
Multilateral				

institutions Net transfers refers to the difference between disbursements growing awareness among at least some donors that debt and debt service payments (principle and interest).

 Petroleum imports and distribution are on the point of being liberalised, and energy prices have been largely de-controlled. The Government has on the whole kept within IMF-imposed limits on public spending and the budget deficit, although revenue collection remains inchemiate. inadequate.

New seriousness

In general, donors say they detect a new seriousness in the economic management of the country since 1983, including less ostentatious abuses of the national wealth. Many subscribe to the theory that it would be unrealistic to expect corruption, which is still rampant, to be reduced much more in the short to medium-term.

At the highest levels, it funds the system of political patronage on which, they argue, the stability of the nation depends. The management of the minerals parastatal Gecamines has undergone a radical overhanl and the company—has embarked on a US\$750m five the company—has read a family for a week.

Donors have clearly been numerous other public enter-less and relentless susterity— of each quarter, as is the fund's prises. while at the same time acrupu- practice — especially in a

timetable of repayments of external debt and reductions of

arrears."

The IMF has responded by extending a further SDR 162m 12-month standby loan, signed in April this year, and Paris Club governments agreed in May to reschedule some U.S.\$305m in debts falling due through March 1986 (they had already agreed in December 1983 to reschedule som U.S.\$1.4bn of Zaire's debts). But there is ample evidence at, despite the "good that, despite the "good behaviour" of the past two to three years Zaire remains essentially on probation—both with the IMF, with many bilateral donors, and with foreign and domestic private

Government was prevented from drawing an SDR 23m tranche of the IMF credit in June this year because it exceeded an IMF-imposed budgetary target, by what government officials insist was a very small amount. They complain of an excessive rigidity in the fund's attitude towards The notoriously corrupt impressed by President Zaire, and question the wisdom minerals marketing firm Mobutu's ability to sustain into of directing a recovery pro-Sozacom has been abolished, its third year a programme of gramme by relying on the more Sozacom has been abolished, its third year a programme of gramme by relying on the more Plans are in hand to privatise what one donor representative or less mechanical evaluation of

says one banker. says one banker.
Government officials say publicly that they expect 1985 to be the year in which they lay Zaire's bad reputation to rest once and for all. From 1988, aid commitments are expected

to increase they say, pointing to a planned World-Bank led structural adjustment pro-gramme for industry (put at around US\$150m, US\$50-75m of around US\$150m, US\$55-75m of it externally financed), as well as a three-year US\$375m high-ways project (US\$190m of it to come from external funding), Unfortunately the highways project got off to a relatively show start at a donors' meeting in Paris recently, when less than half of the expected bilateral

But here, too, there is evidence that Zaire is still remembered as a convict, albeit

reformed. Although the Department of Planning says it registered US\$125m in new

registered USAtzament for investments last year, economists say many are of dublous value. "There are plenty of people coming in with briefcases but very few with spades,"

itments were forthcoming **Progress**

Privately, some officials admit that they cannot yet see the light at the end of the economic tunnel. While there has been significant progress on policy reform, major structural obstacles remain. The country's once-extensive road network has largely returned to bush, what remains is dwarfed by the sheer immensity of this wast country.

As the above table shows Zaire paid out substantially more in principal and interest to these countries last year despite rescheduling than it received in newly disbursed funds—the total of net transfers overall was negative by some US\$191.5m.

According to one authoritament, even if the external debt service ratio were kept at 20 per cent for the next five years through rescheduling, annual new disbursements of around US\$490m would needed just to keep net trans-fers to zero—without beginning to provide the sums needed to fuel real development.

country whose economy defies statistical analysis.

Despite glowing endorsements of President Mobutu's pro-gramme from Western bilateral

donors, who clearly recognise the potential public relations value of a triumph for Western style economic liberalism in

Africa, new commitments from these donors are lagging seriously behind the levels

which many economists say would be necessary to launch

a recovery, although donors have agreed to reschedule very substantial amounts of Zaire's

debt, there appears to be a

relief alone is simply not

It may simply prove too optimistic to expect more than this amount from aid budgets which are already under strain from the needs of the more obvious disaster stories in a year of African drought, and many donors argue that it is up to private foreign investors to take up the slack.

The woofully imadequate in-frastructure of communications and power is choking off poten tial growth, and the social in-frastructure of schools and clinics has deteriorated to a degree where an entire genera-tion has grown up with only the most rudimentary education and health care.

What is more, the productive potential of working Zalreans continues to be crippled by ludicrously low salaries—Zaire is perhaps the only country in Africa where purchasing power is so low that markets sell onions cut up into quarters to make them affordable.

Unless there is a prompt in crease in external resources to back up the Zairean experiment—coupled with stremmus efforts to ensure that aid money is spent wisely by the Zaireans themselves—there is a distinct possibility that the first signs of recovery will prove

KILO-MOTO



President Mobutu Sese Seko, the builder of Zaire knows that the power of a country depends on the strength of its industries. He decided to revive Zaire's mining industry

and the Kilo-Moto office of gold mines has boomed, promoting the economic success of the whole Haut-Zaire region.

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Zaire

Coping with an inflation rate of over 100 per cent meant huge bundles of Zaire currency. Inflation is now down to 20 per cent

Code to stimulate investment

tax levied on expatriate sul-aries until marketing of the product begins

Exemption from value

added duties and fixed taxes levied on the capital of

newly created Zairean com-

For existing firms which agree to re-invest retained

profits, the code provides

THE SUCCESS of Zaire's economic recovery pro-gramme will depend to a large extent on how quickly the confidence of foreign and domestic private investors

can be re-established. The Government is eager to attract investors and a revised investment code, which has been under preparation for many mouths, is expected to be published shortly. The new code will aim to stream-

new code with aim to stream-line procedures and expand incentives available under the present code, which dates from 1979.

This code provides conces-sions according to three sep-arate categories of invest-For new investments or for

the expansion or improve-ment of existing investments, the code prevides: • Exemption from taxation on profits for up to five years

Exemption from taxation on company dividends for up to five years

Exemption from import duties on machinery, plant and equipment for the project (provided that local industry cannot supply the equipment at the same quality and price) • Exemption from taxes on real property for up to five • Exemption from the special

 Exemption from import duties on equipment, plant and machinery imported for the project (and which cannot be procured on the same terms locally) • 50 per cent relief on taxa-

• For certain large investments with an extended pay-back period, additional special concessions can be negotiated on a case-by-case basis, subject to presidential

approval,
The main revisions to the code are expected to be as • Procedures are to be sim-

• Incentives are to be varied according to region, with the aim of encouraging investment in deprived areas

• Incentives are to be adjusted according to the number of new jobs created and the use of local raw materials • Firms are to be exempt

from local taxes, as well as from taxes and duties on exports
There is a separate code

covering investments in the Inga industrial free zone, which offers the following

• Exemption from taxation on profits for the first six years after production begins, a 50 per cent reduction for years 7-15 and a 25 per cent reduction for years 16-30 © Duty free imports of machinery, plant and equipment

ment

Exemption from export tax on finished or semi-finished product exports

Electricity provided at cost for the first six years, and at a concessional rate for the rest of the project's life

Guaranteed transfer of dividends.

The participation of the Zzire Government in foreign investments is not required. although the Government generally takes a 20 per cent share in private investments in the minerals sector, in exchange for conce

The Government encourages foreign firms to minimise the number of expatriate employees, controlling the numbers of such personnel through work permits and residence permits.

Patti Waldmeir

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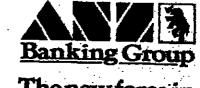
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Magnitude of task puts strain on economic recovery

Debt profile PATI WALDMEIR

DESPITE ZAIRE'S best efforts to restore sanity to its domestic and external accounts. the sheer magnitude of the country's debt servicing commitments through the end of the decade (even assuming successive reschedulings) threatens

to put a serious strain on any emergent economic recovery. For the past two years Zaire's economic stabilisation pro-gramme, net transfers from Zaire (defined as the difference between reimbursements of principal and interest and new disbursements of medium and long-term funds) have been substantially negative—a situation which; in the view of one major donor, is incompatible with recovery or development.
In 1984 alone Zaire paid out
some U.S.\$191.5m more to
medium and long-term creditors than it received in new funds, despite the fact that 95 per cent of loans falling due to Paris Club members in 1984 had already been rescheduled.

Most creditors agree that for the past 18 months at least, Zaire has behaved as a model client. The Bank of Zaire has scrupulously met monthly payments of SDR 14.25m (USS 14.29m) agreed with Paris Club creditors in 1983, as well as further monthly payments of around an average US\$4m to cover interest due to com-mercial bank members of the "London Club" for the period January 1984 to March 1985, including some interest arrears.

In addition to servicing medium and long-term debt, the Bank of Zaire also reduced arrears on short-term uninsured commercial debt and invisibles

commercial debt and invisibles payments by some SDR 74m, and repaid SDR 113.8m to the International. Monetary Fund (over 40 per cent of which went to pay IMF commissions).

In short, Zaire spent more than US\$500m to service its external debt in 1984—a figure which represents a hefty 28 per cent of foreign exchange earnings from export.

viewed against the background of most of the last decade, essential to secure the willing during which Zaire built up a reputation for financial irresponditions of the Paris and London cent of export receipts (24 per cent if IMF repayments and sibility unrivalled anywhere in Africa. The crisis dates from the believe of the mid-

and uncontrolled borrowing by government leaders and public corporations (much of it on unfavourable terms and with maturities which the borrowers could not have realistically hoped to meet) left the country with a debt burden whose magnitude could only be guessed at.

Servicing it normally had become impossible by 1976, for a host of reasons including the sharp fall in copper prices, the 1975 closure of the Benguela railroad to the Atlantic coast which hampered exports, the disastrous economic impact of the Zaireanisation measures of the mid-1970s, rising oil costs the mid-1970s, rising oil costs and world economic recession—and not least of all, because of the unproductive nature of the investments made with borrowed funds, a substantial portion of which covered the personal expenses of prominent sonal expenses of prominent Zairean leaders.

The year 1976 marked the beginning of a cycle of virtually annual debt reschedulings of official debt without which the country's debt position would have been untenable. Public and publicly guaranteed debt has been rescheduled six times has been rescheduled six times by the Paris Club since 1976, most recently in May this year when some U.S.\$305m in pay-ments falling due between January 1985 and March 1985 were rescheduled, reducing debt service due in 1985 on medium and long-term debt by more than 50 per cent. more than 50 per cent.

Conditional

At the same time, Zaire's commercial bank creditors agreed to extend for a further 12 months the "Gentleman's agreement" worked out in 1983 involving monthly payments to bring the country up to date on interest due to London club creditors.

The Paris Club agreement was made conditional on Zaire meeting the next set of performance criteria set out under its current standby programme with the IMF—a fact which stresses the crucial importance of the IMF's seal of approval to

Zaire's recovery effort While the current IMF credit itself will have only a negligible impact on Zaire's external account in 1985—repayments of Ings from export.

This record of good behaviour is all the more striking when viewed against the background ings of some SDR 169m—it is

Servicing it normally had

According to the Bank of Zaire, external public debt (medium-and long-term) actually grew in 1984, from U.S.\$4.2bn at the end of 1983 to U.S.\$4.4bn at the end of 1984—despite the fact that debt repayments exceeded new drawings over the year—as a result of the capitalisation of interest under the December 1983 Paris Club rescheduling.

According to one authori-According to one authoritative source, this resceduling can be expected to add some U.S.\$1.2bn to debt service due during the next six years alone, because of the size of the consolidation under the agreement (which covered some U.S.\$1.4bn) and because of the high interact water consolidation. high interest rates prevailing in some creditor countries. As of June last year, nearly one fifth of the total debt consisted of capitalised interest from past

A glance at the table of projected debt service will show, however, that Zaire will have no alternative but to keep on the no alternative but to keep on the right side of the IMF to guarantee further rescheduling. Without rescheduling (the impact of the latest conditional Paris Club agreement is not reflected in the table), debt service in 1985 on medium and long-term debt alone—leaving aside the substantial repayments due to the IMF and further reductions in short-term commercial arrears short-term commercial arrearswould have consumed almost half of export earnings.

The budgetary impact of the repayments would have been even more drastic; it is esti-mated that without rescheduling, debt service payments in 1985 would have exceeded total budgetary receipts. Even with debt service reduced to some US\$350m through rescheduling,

'n				PROJE	CTED DEB	T SERVICE	(MEDIU)	M AND LON	G TERM)						
rs			_		in US\$m, a	t rate preva	iling on De	cember 31 1	984)		_				
y	Categories of Creditors .	 198	35	19	36	— <u> </u>	37 ——	19	88		89 ———	199		199	1 —
y		Principal	Interest	Principal Principal	Interest	Principal	Kuterest	Principal	Liferest	Principal	Interest	Principal	Interest	Principal	Interest
5 0	L Paris club	291,23	236.82	268.59	217.84	252.13	198.45	245.70	179.40	324.84	163.41	301.87	132.83	269.91	101.53
~	(a) Rescheduled debt	(172.25)	(189.29)	(144.15)	(172.39)	(136.91)	(168.83)	(145.62)	(148.45)	(237,87)	(137.78)	(224.95)	(11L61)	(198.66)	(84.54)
	(b) Debt not yet rescheduled	(118.98)	(47.53)	(124.44)	(45.45)	(116.22)	(37.62)	(109.08)	(30.95)	(86.97	(25.63)	(76.92)	(21.22)	(71.25)	(16.99)
d	II. London club	60.82	42.07	60.82	34.05	60.82	26.13	60.82	18.02	60.82	10.00	30.41	1.99	-	· —
T	III. Multilateral institutions	47.76	18.37	57.15	18.36	59.76	18.12	59.58	15.50	59.31	13.81	21.69	11.19	16,333	8.19
e	IV. Others	40.94	13.31	35.71	10.64	35.99	8.89	29.13	6.66	24.98	4.33	25.39	2.95	15.94	1.84
e													 -		
4	TOTAL	44 0.75	310.57	422.27	280.89	408.70	251.59	395.23	219.58	4 68,95	191.55	379.36	148. 9 6	302.18	111.56
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e if									Sour	ce: Public Debi	Office. Figure	es do not take	account of the	May 1985 resc	heduling.

How President Mobutu views the liberalisation of the economy A lesson for the rest of Africa

Wide-ranging questions on political, economic and social issues were submitted in writing to President Mobutu by MICHAEL HOLMAN. The President's edited replies are given

Q: What do you consider the most important achievements under the stabilisation pro-

A: In September 1983, when we liberalised the economy both from the point of view of prices, imports and exports, and the exchange rate, very few were prepared to believe that we had any chance of success. Today, the results speak for themselves. The inflation rate has been reduced from more than 100 per cent to under 20 per cent, dividends have been remitted since 1984, and external debt service commit-ments to the Paris and London Clubs have been scrupulously

Production has taken off, and new investment has come in. All due to a liberal economic lesson to the rest of Africa.

Have you been disappointed by the level of donor support or the recovery programme? Could the relatively low levels of new private external investment and new aid com-investments registered so far not put the International Monetary Fund-backed programme in jeopardy?

The proof that these reforms have been recognised by donors was illustrated once again early in June when Paris and London Africa. The crisis dates from White unavoidable, the into account), as well as over Club creditors agreed to re-the halcyon days of the mid-reschedulings clearly increase 40 per cent of the government schedule our external debt. In 1970s copper boom, when lavish the burden of Zaire's debt. budget.

clude last April a new 12-month stand-by programme with the IMF worth SDR 162m (U.S.\$161.68m). That's an expression of confidence in pression of confidence in Zaire's ability to honour its

As regards new external investment, the process is still slow but that is understandable . . potential investors are showing interest in priority sectors such as transport, telecommunications and agricul-ture. The economic recovery is not in any perceptible danger at the moment. The best guarantee (of the recovery) is the fact that we have restored confidence in Zaire.

Potential investors may be deterred by the Government's past record, including the allocation of scarce resources to projects of doubtful value, corruption and mismanage-ment. What assurances can be given that the same mistakes will not be repeated?

Let us not dwell on the past, let us look to the future. What is corruption? Why do you want to make it out to be a Zairois invention? Why do you insist on bringing it up despite all the efforts we have made which are recognised by all serious observers, and even the most critical of international organisations. The past is definitely dead: the Zaire of today is not



President Mobutu: external assistance, no matter how important, will always be considered as a complement to Zaire's own resorces.

that of the past. After all, what interests investors? It is primarily political stability, the credibility of a country's economic policy, and good man-agement. Zaire has all that. Your reinvestiture speech last December outlined a septennat du Social" (a seven-year plan for social development) in which problems of housing, health, transport, industry and

education would be tackled. Given Zaire's difficult Given economic circumstances, how will this programme

Important

We will improve the manage-

portfolio of state-owned enter-prises, by integrating industry, and increasing productivity. External assistance, no matter how important, will always be considered as a complement to our own resources our own resources.

A prominent exile, Citoyen Nguza Karl-I-Bondi has returned to Zaire, and it is possible that many exiles will follow his example. Could you explain the circumstances behind this? behind this?

I have nothing to describe. It would be better to put the question to the exiles themselves, who have realised that they have made a mistake. Their place is in Zaire in the place in the place is in Zaire in the place in the place in the place is in Zaire in the place place is in Zaire and not outside. Like any good father I welcome all my children. Zaire is for all Zairois. As I have often said, there are no oppo-nents in Zaire, because the notion of opposition has no place in our mental universe. In fact, there are no political problems in Zaire.

You said in your December speech that your last term had been exceedingly difficult and that you had radically to revise a number of policies. What are the characteristics of the "new Mobutu"?

Having succeeded in unifying, pacifying and stabilising my country, I now want to do more on the social side: housing, health, employment, the quality of life. To do this will require better control of physical, ment of our existing resources financial and human resources

. . . and we hope to release at our disposal. These are the additional resources by restructuring the Government's new face of Zaire.

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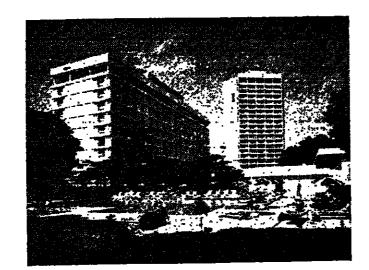
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Flashback to 1978: President Mobutu in three-star general's steel helmet with the army that successfully put down a rebel facion which invaded Shaba and attacked the mining town of Kolwezi. The army is now being increased from about 70,000 to 108,000

Mobutu shows skilful use of power

Politics MICHAEL HOLMAN

WITH A SKILL that provokes reluctant admiration even from his critics, President Mobutu Sese Seko has for two decades managed to secure the some-times grudging backing of the West, co-opt some of his most prominent opponents and stamp his highly personal mark on a

Few incidents better illustrate these qualities than the return to Zaire last month of Nguza Karl-i-Bond, hitherto the President's most outspoken detractor who has spent the last four years in exile in Belgium.

At a stroke, the President At a stroke, the Frisherican of the pillars of the country's opposition, won his endorsement for the painful economic reforms under way, and strengthened his credibility in the West as the man who, for better or for worse, is the only one capable

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of holding together a potentially divided country.
Once sentenced to death for treason, reinstated, and appointed prime minister for

eight months in 1980, Mr Nguza launched a devastzing attack on the President when he once again fell out of favour and decided to opt for exile in 1981. It was Mr Nguza's allegations of widespread corruption in government, including embezzle-

ment of aid funds and the claim that he had personal knowledge of misappropriations by the President himself, that helped promot the U.S. House of Representatives foreign affairs sentatives foreign affairs committee in 1982 to cut aid recommend a cut in the allocation for the following

year. While in Brussels Mr Nguza became the leading figure in the loose knit coalition of opposition groups, the Congolese front for the restoration of democracy, and frequently denounced the Mobutu administration. The President's reforms of the past two and a half years together with the safe return of other exiles under a May 1983 amnesty, has clearly inspired Mr Nguza to think

Whether the two men had reached a private agreement (there is speculation that Mr reached a private agreement radio are rigidly controlled, ing with visiting U.S. Congress-there is speculation that Mr dissent is hard to assess. Nor men in August 1983, when they not a result of last year's presidential record and cited human rights election, in which Mr Mobutu, abuses, several were banished the returned to Kinshasa, election, in which Mr Mobutu, abuses, several were banished former prime minister

Populaire de la Revolution is the group were arrested in 1982, early 1960s the sole legal party) in which later to be released under the Although

Nguza Karl-i-Bond: he endorsed President Mobutu's econo policies before he returned from exile to Kinshasa.

the Press and television and 1983 amnesty. But after a meetthe sole candidate, won a to villages in the interior,

the former prime minister made a point of going first to Washington, where his evidence in 1982 had severely embarrassed the Reagan Administration. There he endorsed the President's economic policies and said that he believes that a recovery was indeed under way—no doubt much to the satisfaction both of Mr Mobutu and the State Department.

Whether Mr Nguza's example inspires other opponents remains to be seen. In a one party state (the Mouvement Populaire de la Revolution is the sole legal party) in which internal opposition group is the side world.

The most public display of opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office.

The most public display of opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recent months has taken place in the small eastern Shaba province town of Moba. Office opposition in recen

the

prompted government fulminetions against unnamed neighbouring countries allegedly supporting the robels, most observers in Kinshasa do not believe that PRP represents any threat—certainly not to be com-pared with the new quiescent rebel faction which invaded Shaba in 1977 and 1978 and attacked the important mining

centre of Kolwezi. The army itself, to be in creased from around 70,000 to 100,000, is more than capable of dealing with at least this level of dissent in the provinces, diplomats in Kine believe, ill-trained and orderly though it often is.

Military assistance and trainminitary assistance and training programmes from such diverse countries as China, France, Belgium and the U.S. ensures at least a degree of efficiency, while the President's own security is in the hands of an Israeli-trained presidential

On the coreign affairs front, the President remains firmly in the Western camp, and fre-quently out of step with his

colleagues in the Organisation of African Unity.

From the OAU perspective, the most contentious issue was Zaire's decision to reopen diplomatic relations with Israel in 1009 perspective, and in the collection of the collection in 1982, prompting an immediate suspension of Arab aid which has not been compensated by Israeli funds. President Mobutu may well have been honing that the move would in

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Confidence creeps back

Relations with Belgium PAUL CHEESERIGHT

TAKE three events which at first sight appear to have little in common. All happened in and around the Zaire 25th anni-

versary celebrations.

versary celebrations.

The first concerns Baudouin, King of the Belgians. On his trip to Zaire, he was applauded, feted, wherever he went—Uncle is back. A sort of euphoric celebration of links between the one time colonial power and the latter day Mobutu state.

Then the question of the old Then, the question of the old KDL railway, once financed by a host of small Belgian investors. They should have been compensated for nationalisation

compensated for nationalisation over five years from 1981 to 1986. By this time last year only one payment had been received. But this year Zaire has made a payment more or less on time and investors are soon to get some money back.

Last, Societe Generale de Belgique, the biggest of the Belgian financial and industrial to BFr 20.1bn in 1983 before holding companies, signed a BFr 30m credit agreement with the Zaire Finance Ministry. In

ship blighted by mistrust and made more distant both by the perception that the regime was corrupt and therefore costly and that it simply could not hooken-overpelt under a conand that it simply could not Hoboken-Overpelt under a con-pay for what it bought. Zaire tract signed in 1983. Until this was better known in Brussels month, this copper was But on the ground and not up gear repayment period for for signing agreements than marketed by Societe Generale in the lofty political rhetoric, BFr 1.5bn.

executing them.

Undoubtedly a fillip was given by the decision of the Ducroire, the Belgian export credit agency, at the end of last year to lift its blanket refusal

des Minerais, which had also Belgium and Zaire are feeling until the start of this year, their way towards a new marketed Zaire's cobalt—relationship. This can be seen in two linked ways.

an investment guarantee agree-ment similar to that Zaire has with the U.S. Expansion of business though

would move off a relatively strong base. There are over 8,000 Belgian companies employing less than 100 people with export business, and of them more than 10 per cent

sell in Zaire. In total, Zaire is Belgium's second largest commercial partner in Africa after Nigeria. After holding underneath BFr 9bn for some years, Belgian

BFr 30m credit agreement with the Zaire Finance Mimistry, in It is a classic developing-spite of the fact that SocGen units no longer play the marketing role they once did for Zaire's minerals.

These isolated events all suggest that confidence is creeping back into a commercial relationship blighted by mistrust and made more distant both by the perception that the regime was crucial role. The copper is

given by the decision of the Ducroire, the Belgian export credit agency, at the end of last year to lift its blanket refusal to guarantee exports to Zaire. Now it is more selective.

For its part, Zaire has been seeking to woo Belgian business, pointing to a new stability in the economy. Last spring, Citisen Liyonda Ekila, the ambassador to Belgium, offered an investment guarantee agreethat Belgian interests, based on the diamond centre of Antwerp, have been trying to win the sales contract.

But the handling of the copper, cobalt and diamonds marketing shows that Zaire is attempting to gather to itself or strike an independent role in the activities that have been parcelled out to others. And this betokens a gradual change in Belgium's commercial relations with Zaire

Two years ago. President
Mobutu threatened to withdraw
copper supplies from Hoboken
Overpelt and the contract
signed then was for a definite duration. In other words Zaire wants to manage its develop-

gentle way reminded King Bau-douin of that at the 25th anniversary celebrations. Zaire's sole wish, he said, was to see Belgium meeting its "moral duty "-wholehearted and sin-cere collaboration-for the total success of Zaire's development objective.

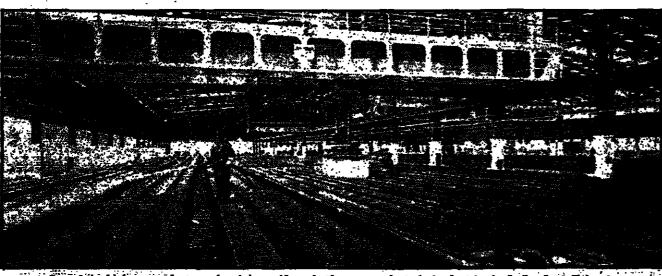
When a Belgian manager in the Zaire private sector retires, he is often replaced by a Zairean. And changes in the aid programme have led to a reduction in the number of Belgians. It is at this point that the second way comes into play.

Zaire is Belgium's most im-portant aid destination. It eccounts for about a third of the aid budget, receiving some BFr 4bn a year, plus last year a BFr 600m state-to-state loan and a National Bank gium credit line of BFr 1.5bn. But the way in which the money is being spent has been changed.

Over half the aid in 1984 went on education, but this is being redeployed in favour of first agriculture and then transport ment its way. No question of reviving the colonial relationship in a subtler form.

And President Mobutu in a work for Belgian business. work for Belgian business.

In all of these sectors, according to M. Bemba Saolona, president of the Zaire Business Association, recently in Belgium looking for investment, what Zaire wants are joint vantures. The omens for those are better than they have been for years, not least because Zaire He has come to terms with Belgium's desire to see its African policy not as a Zaire policy but as a more rounded exercise with Zaire at the second se



of the high users of energy is mining. Above is the copper electrolysis plant in the Luilu plant, Kolwezi

Steps to improve efficiency

Energy

FUEL SHORTAGES in Shaba, Kasal and other interior regions could be eased following the Government's recent decision to end state-owned Petrozaire's monopoly of the import and dis-tribution of petroleum products.

decision is seen further evidence of the IMF's growing influence and the Government's desire to improve efficiency by economic liberalisa-

The secretary general for energy at the ministry of mines and energy, Mbonga Magalu Engwanda, said "The methods still have to be defined by the Government but the decision to open up the sector to private competition has been taken."

But Mr Mbonga warned against any immediate improvement of fuel supplies in the interior. "The shortages are mainly due to transport probhe pointed out.

Low water levels during the dry season have severely hindered the transport of fuel upriver by barge.

The Government has proposed that the four oil distribution companies construct storage depots in the interior so that stocks can be built up during the rainy season.

However, the companies are reluctant to invest until they

Since June, Mobil, Shell, Fina from the local Sozir refinery and Texaco have been import provided that the higher cost ing petroleum products directly. Petrozaire has taken 40 per cent stakes in Mobil, Fina and Texaco and reduced its 60 per cent stake in Shell to 40 per

cent. The companies pointed that it would be anomalous for Petrozaire to have a majority interest in the four rival firms. Oil executives said that if the new system is to work then the Bank of Zaire must provide adequate foreign exchange to

guarantee supplies. Another vital condition is that petroleum product prices be reviewed quarterly. Since the beginning of the year the Zaire has depreciated 20 per cent against the dollar and the dis-tribution companies say they cannot be expected to bear the cost and remain competitive.

Vital condition

ments have also been made for the companies to repay nearly 1.5bn (U.S.\$12.5m) to Petrozaire. A large part of the debt arose after the companies delayed payments to Petrozaire in retaliation against the Government taking the windfall profits on oil stocks after de-

The companies have agreed in principle to repay Petro-zaire over six months after the modalities for liberalising the

ment pricing, taxation and other indicated that they are pre-policies. relative to imported products is reflected in the local price structure. At the same time and a 21,000 b/d as production builds up at the new Lukami field and is expected to peak at around 30,000 b/d in 1000 ture. At the same time, they maintain the option to buy

imported products if this proves cheaper. However, the 750,000 t/yr finery, located at Kinlau, 300 km south west of Kinshasa on the Zaire river estuary, has stopped operating, according to oil executives in Kinshasa.

Energy officials explain that it is cheaper to import products rather than refine locally. The refinery was designed in the sixties to refine Iranian light crude before Zaire became a producer.

As a result the refinery is unable to refine the local heavy crude and produces a 60 per cent surplus of residual fuel that has to be exported at meconomic prices. France's Technip is cur-

rently carrying out a study financed by the World Bank's soft loan agency, the Inter-national Development Association (IDA), to see if it is viable to adapt the refinery to process local crude.

Local oil production is currently about 35,000 b/d, according to industry estimates. The main producer is Gulf Oil Zaire (Chevron) which is now averaging just over 25,000 b/d on its offshore concession covering Zaire's entire 36 km coastline. Output fell 4,000 b/d earlier

promising new offshore struc tures, according to Gulf's manager in Klushasa Sid Mchaney. Two more exploration wells are planned late 1985 and early 1986.

Reserves

Even if no new discoveries are made there are sufficient reserves to ensure continued out-put at current rates for enother

Gulf is the operator of a consortium along with Japan's Teikoku Oil Company and Union Oil of California.

The country's other producer Zairep, is a consortium compris-ing Belgium's Petrofina, Shell and Amoco. Production has been expanding at its offshore concession near the coast.

The Government is also trying to encourage exploration in
the central "Cuvette" region
and the Eastern Rift valley.
Japan's National Oil Corporation financed a survey of the "Cuvette" region.

A pilot project financed by the EEC is also being prepared to exploit gas lying 300 metres beneath Lake Kivil. It involves the construction of two plants to provide methane, compressed gas and urea. The project would benefit Rwanda and Burundi

Major investors stay away

Zofi investment zone

PETER BLACKBURN

FEW COUNTRIES possess so much energy yet have been able to put it to so little pro-

At Ings, some 50 km up the Zaire River from the port of Matadi, is the site of the world's most important concentration of hydro-electric power with a potential generating capacity of 43,750 Mw. Over a 15 km stretch the river falls nearly 100 metres, while the volume of water flowing down is the second most important in the world after the Amazon.

The decision to develop Inga's potential was taken during the copper boom of the late 'sixties when it seemed as if the Zairean economy might be set for rapid expansion.

A 350 Mw power station, Inga 1, was completed in 1972 and followed two years later by the much larger 1,400 Mw Inga 2. By then the copper boom had collapsed and the economy sunk into recession. Plans to build the 3,000 Mw Inga 3 power station have been frozen, while the vision of a frozen, while the vision of a 39,000 Mw "grand luga" has evaporated.

Only some 20 per cent of Inga's present capacity of 1,750 Mw is being used, according to

Mw is being used, according to Zod officials.

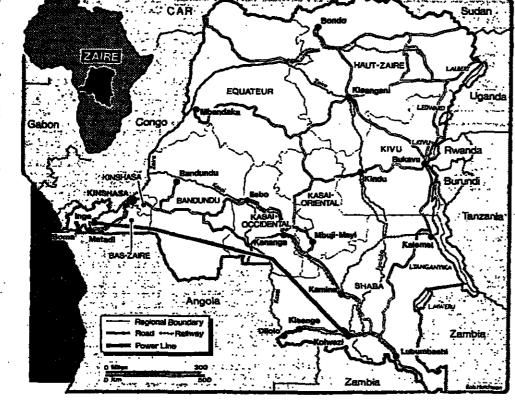
In order to utilise some of the spare capacity and to promote national unity a high tension line was built from Inga to the secessionist prone Shaba mining region on the other side of the country. of the country.

The 1800-km power line, the longest in the world, was built and financed by the U.S. at a cost of US\$800m. It was completed in mid-1983 but has so far been operating at only about one-third of its 500-Mw capacity and is proving a huge white elephant. Its main client, the Gecamines mining company, still obtains two-thirds of its energy from local hydro-electric power stations.

Although most of the area ctween Inga and Shaba is without electricity the direct current line can only be tapped by building costly transformer sub-stations, observers say.

Another initiative to try to amortise the huge investment involved in the Inga scheme was the creation of the Inga free zone (Zofi) authority in

But after four years of energetic promotion and despite offering abundant supplies of some of the world's cheapest



electricity, Zofi has so far failed modest charcoal export scheme

• Initially the political and economic climate was unfavour-able. But business confidence has improved since sweeping economic reforms were intro-duced late 1982 and the Government showed a fresh resolve to respect a stringent IMF austerity programme.

 Zofi has also been overtaken by other development priorities. The World Bank and other aid donors believe that priority should be given to agriculture and transport rather than the costly infrastructure needed to attract industrial investment to the Incourse angerous 84.000 so attract industrial investment to the Inga free zone—a 64,000 sq km area in lower Zaire between the coast and Kinshasa. Infra-structure ioans would infate the country's already heavy debt and yield at best medium to long term benefits, they say.

Some critics consider that Zofi's promotional policy has been misguided. "Zofi might have had more success in seeking medium rather than mega investments" one critic in Kinshasa said Zofi officials individually investments and zofi officials individually investments with the property of the consideration of the considerati cate that investment rules might be relaxed to permit projects consuming less than 10Mw per

The first project likely to be implemented is a relatively

to attract a single major promoted by an Angelo-Kenyan investor.

Several reasons underly this failure:

The destriction of the control of th output destined mostly for the Middle East and Nigeria.

The project would be located on a 50,000 hectare site near Boma and one of the conditions is that all forest cut down must be replanted with fast-growing

The charcoal project would only consume about 14Mw of electricity per year but requires relatively little infrastructure. Zofi officials say a U.S.\$280m Canadian fertiliser export project—also close to being finalised though it is unlikely to be implemented for about a couple implemented for about a couple

Ammonia plant

It involves the construction of a 1,000 tonnes per day ammonia plant probably near Boma and would consume 420 Mw a year yielding the government electricity revenue of about U.S.\$30m annually.

As the ammonia can be exported in ships of less than 15,000 tonnes capacity the exist-15,000 tonnes capacity the exist-ing port of Boma can be used. The Boma location, compared with the rival Moanda-Banana 100Km down the estuary on the coast would avoid the construc-tion of a power line and save

about U.S.\$15m.

However, prospects for th largest and oldest project — ... U.S.\$1.3bn aluminium schem. seem increasingly remote. The project was promoted by a nine-member consortium led by Alusuisse and envisaged the construction of a 210,000 tonnes a year smelter which would consume 345 Mw of electricity

a year, But Zaire has now cancelled But Zaire has now cancelled the agreement with Alusuisse on the grounds that the conditions laid down by the Swiss group were unacceptable. Other part-ners are being sought, including the International Finance Corporation.

The consortium had insisted on a firm government commitment to construct a deepwater port at Banana and provide re-lated transport and power infra-structure before going ahead

structure before going ahead with the project.

After several delays an aid donors' meeting to discuss the funding of the Banana port and related infrastructure is now expected before the end of the year, according to Zofi officials.

The original U.S. \$350m scheme has been halved and split into two phases spread between 1986-90. While the Government is expected shortly to approve what is described as a "minimum" solution it is far from certain that it will gain the support of aid donors especially as the aluminium scheme appears increasingly uncertain.

LES BANQUES ZAIROISES

Examination of Zaire's banking structure makes it apparent that there is constant evolution of the banking system with particular regard to its controlling regulations and its diverse sectors of operation.

The structure is as follows:

- -Banque de Zaire, which acts as the national monetary authority.
- -Specialised financial institutions or development banks which are active in medium-term operations. Some, according to the targets set on their establishment, will specialise in savings, trying to popularise the banking services.
- -Commercial banks. To date they number eleven and are active in short-term operations:

Banque Commerciale Zairoise and l'Union Zairoise de Banques, joint state and private sector companies.

Banque du Peuple is a state company which has all its deposits guaranteed by Zaire. It has the widest network of branches throughout the country.

Banque du Peuple is the only commercial bank whose share capital is owned 100% by the State of Zaire, which operates on the authority of Banque de Zaire.

Banque de Kinshasa was created by a group of Zaire's businessmen with the participation of the State.

Citibank, Barclays Bank Grindlays International in Zaire, Banque Internationale pour l'Afrique au Zaire (BIAZ), Banque de Paris et des Pay-Bas, Banque de Credit Agricole (BCA), and also Banque Continentale pour l'Afrique au Zaire are among the commercial banks.

The target is higher productivity

Gecamines PETER BLACKBURN

A HUGE slagheap and a tall dirty smoke are traditional landmarks at Zaire's copper capital, Lubumbashi, in the remote south-eastern corner of

the country.

The chimney and slagheap are part of an ancient factory belonging to Gecamines, the state copper mining company. and recall images of the 19th century industrial revolution.

Despite the antiquated machinery and grimy, smoke-filled atmosphere, the factory continues to work round the clock and pour out some 160,000 tonnes a year of copper blister. However, the thermal copper recovery process is neither the healthlest nor the most efficient with an estimated 5,000 tonnes a year of copper going up in smoke and coming down on the lettuces in outlying market

Soon the people around Lubumashi may be able to breathe more freely thanks to a U.S.\$2m EEC-funded project to filter the smoke and recover the

copper.

Some U.S.\$6m is also being invested in electric furnaces which will save 18,000 tonnes a year of coke and recover an extra 800 tonnes of copper.

The investments are part of with other developing country.

The investments are part of gecamines new \$750m five-year producers such as Chile, Mr investment programme which differs from its predecessor in Copper-bearing ore is located trying to increase productivity instead of production.

The object is to make Geca- of overburden must first be mines cost-competitive so that removed. However, the ore has mines cost-competitive so that removed, however, the over has it can retain its share of a market which is likely to remain stagnant over the next 10 years," Mr Mulenda Mbo, the head of Gecamines production, said.

Shaba's isolated, landlocked position greatly inflates transport costs. It is 80 times more port costs. It is 80 times more

of copper and in the past has metre rail and river journey tended to maximise revenue by raising output, but confronted with depressed markets it can now only raise earnings by producing more efficiently.

About conschired of the new truck to kolwezt—a 2,750-kilometre rail and river journey from the port of Matadi—than to the new truck to kolwezt—a 2,750-kilometre rail and river journey from the past has metre rail and river journey from the past has metre rail and river journey from the past has metre rail and river journey from the past has metre rail and river journey from the past has metre rail and river journey from the past has metre rail and river journey from the past has metre rail and river journey from the past has metre rail and river journey from the port of Matadi—than now only raise earnings by producing more efficiently.

About onething the past has metre rail and river journey from the port of Matadi—than now only raise earnings by producing more efficiently.

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About onething the past has metre rail and river journey from the port of Matadi—than now only raise earnings by producing more efficiently.

About one-third of the new investment programme is designed to reduce costs and raise productivity and another 80 per cent for equipment maintenance, according to Mr Ken Brabants, planning director.

Hydroelectric power

One of the main aims is to reduce dependence on imported fuel by making greater use of local hydroelectric power. The 1,300-kilometre power line from Inga in lower Zaire is at present used at less than one-third of

used at less than one-third of its capacity of 500 Mw.
Gecamines plans to equip the 100- and 150-tonne dumper trucks in the opencast mines with an electric rear wheel trolley assistance system. This should both economise 19 litres of graph of the control of the gasoil per kilometre and

much deeper underground in Shaba and 10 times the volume



SOCIETE FINANCIERE DEVELOPMENT (SZARL)

Building UZB-Center 7th Floor PO Box 1148 Kinshasa 1 Republic of Zaire

Telephone: 25619-25679-22435 Telex: 21476 SOFIDE ZR

Founded in 1970, SOFIDE is Zaire's first and most important ITS SHARE CAPITAL amounts to 260,000,000 Zaires, divided as

- 40% Zaire State

- 27.2% local shareholders (Banks and Companies) 32.8% foreign shareholders (foreign banks and financial institutions: Societe Financiere Internationale (SFI), Banque Européenne d'Investissement (BEI), DEG, Calsse Centrale de la Coopération Economique (CCCE).

ITS AIM is to contribute to Zaire's economic development by ouraging the creation, expansion and modernisation of industrial/ cultural and other companies.

ITS RESOURCES. Besides its share capital, they consist of:

 a standing advance and a state loan important lines of credit from foreign financial institutions which are: Association Internationale de Développement (AID) (of the World Bank Group), Societé Belge d'Investisnent (SBI), Caisse Centrale de Coopération Economique (CCCE)

Kreditanstalt Für Wiederaufban (KFW) Banque Africaine de Développement (BAD)

Banque Européenne d'Investissement (BEI)

Société Internationale Financière pour les Investissements et le Développement en Afrique (SIFIDA) Agence Canadienne pour le Développement International (ACDI)

ITS INTERVENTIONS take the form of medium and long term loans of acquisition of shareholding either in foreign or local currency. At the moment the limit of intervention in favour of one firm is equivalent to US\$3.3 million. Through its interventions, SOFIDE has placed 1.8 billion Zaires and created 16,047 jobs. WITH ITS EXPERIENCE AND MANY CONTACTS, SOFIDE can offer invaluable help with the identification and development of projects and the search for local partners.

As such, SOFIDE is Zaire's antenna for CDI (Centre de Développe-SOFIDE IS AT THE SERVICE OF ZAIRE'S ECONOMIC DEVELOPMENT

Zaire, unlike neighbouring expensive to deliver a 150-tono truck to Kolwezi-a 2.750-kilo-

Matadi and at present there is nearly 130,000 tonnes of minerals on the way representing a heavy financial burden.

Despite these disadvantages Gecamines remains competitive mainly because it produces mainly because it produces cobalt as a byproduct of copper at marginal cost. Zaire is the world leading producer of this strategic metal supplying 60 per

cent of the world market. Even so, Zaire's competivity is compromised unless its new investment programme, already one year behind schedule, receives external support.

A number of donors' meetings have been postponed for various reasons—the latest being the creation of a state trading com-pany, Sonatrad, to co-ordinate the purchase of equipment and supplies for Gecamines and other major public enter-prises. Donors are sceptical whether it is the best way to speed up procurement and cut

A comprehensive restructuring of Gecamines last November involving the creation of a holding company with production, marketing and development subsidiaries also caused delay.

Although the demise of Soza com, the mineral trading com-pany, was widely welcomed some analysts wondered why it was still necessary to split the marketing and production func-tions. They also wonder if a holding company serves any effective purpose.

However, the new company structure only started operating from January 1 and it is still too early to draw firm conclusions, the analysts add. "Further delay in investme

could lead to a fall in output," Mr Mbo said. The last investment programme, aimed at increasing copper output by 100,000 t/yr, was abandoned after the second Shaba war in 1978.

Since then there has been season period.

Since then there has been little investment to replace equipment and machinery.

Gecamines has so far been able mine reveals similar problems.

Namely 500 metres below ground. to operate at virtually full Nearly 500 metres below ground capacity by exploiting stockpiles of lower grade ore. This has increased costs as greater volumes have had to be pro-

1984

Gecamines

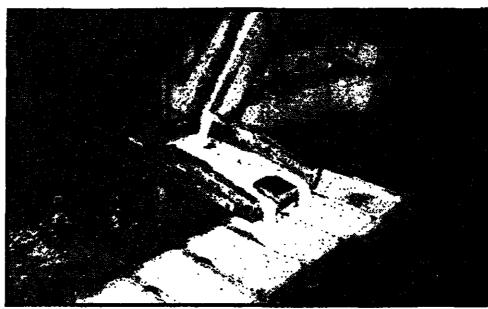
Production:

Copper ... Cobalt ...

Zine

Copper ... Cobalt ...

Zine



Pouring copper ingots in the Gecamines mine at Lubumbashi. Right, stacking the finished zinc products at a mine in Kolwezi

Apart from signs today in Kolwezi of the 30,000 tonnes of mineral bear-bloodshed in which 120 expatriates and 800 Africana bloodshed in which 120 ex- ing ore. After each "room" patriates and 800 Africans were has been emptied it is refilled

mainly in northern Shaba removed. several hundred kilometres However, refilling has been away. "Kolwezi is now better delayed by a shortage of transaway. "Kolwezi is now better defended and another surprise attack unlikely. We no longer ing and electrical equipment talk about it," an expatriate talk about it," an expatriate carried out in obscurity and

Stockpiles

the diminishing stockpiles, delay in removing the overburden before attacking new copper seams and the steadily diminishing number of operating trucks and cranes.

The problems are nowhere more apparent than at Kolwezi which accounts for about 80 per cent of Gecamines' total output, Lack of spare parts has put out of action more than half the 60, 100 and 150 tonnes trucks operating at the eight open cast mines. As a result, activity has slowed at the huge Musonoi mine during what should be the peak dry

mine reveals similar problems.

Nearly 500 metres below ground level where the copper seams fatten out, Gecamines is using the first and addition nearly 2,500 in the total 36,000 workforce.

1982

466.4 5.6 64.4

534.4

1983

77.9

cessed while quality has also fore attempted in the world, according to the section leader guarded Mr Kasongo Kabwe. cemetery on the outskirts of Each "room" is 12 metres town and the occasional bullethigh, 15 metres wide and 100

illed. with slurry and rock backfilling
Although unrest persists it is before the adjoining pillar is However, refilling has been

Stockpiles

Instead, engineers talk about

Instead, engineers talk about

a crucial test for the system. In addition to investment in equipment and machinery Gecamines also plans to inten-sify the training of Zairean engineers and managers so as

to speed up the replacement of

expatriates. The aim is to reduce the number of expatriates to 500 from 700 by the end of 1988 though only if qualified Zairean ments are available, Mr

Mho said. An expatriate engineer costs three times more than his tax reforms have greatly Zairean counterpart when improved Gecamines cash flow three times more than no tan and and ability to reinvest, though other benefits are included. It is still seeking substantial external support for its new tanks of the tanks to employ as Gecamines 33,000

1979

334.9 15.5

(in '000 tonnes)

14.5 43.8

439.0

1978

13.1

12.6

nical assistance it receives to ensure that it is both cost effective and results in a real transfer of technology. The progress of a team of Canadian consultants financed by the World Bank is being closely followed. While the Canadians appear to be having difficulties in improving produc-tion methods they seem to be having more strengthening financial manage-

"Engineers have always been the prima donnas at Gecamines and they don't welcome advice from outside," one analyst com-mented. "The financial division

mented. "The financial division sess the consultants as a means of gaining greater authority in decision-making," he added.

Earnings forecasts are described as "cautions" by finance director M Jean-Pierre Bouyer. Gecamines is counting on no more than "stability" in copper and cobalt markets for copper and cobalt markets for the rest of the 1980s. Dollar prices are at their lowest level in real terms since the 1960s though they have recently risen in other currencies.

On the other hand, the 80 per cent devaluation of the Zaire in September 1983 followed by

Given forecasts of a stagnant world market and inability to raise output or prices, Gecamines' strategy for higher earn-

1976

407.7

60.6

84.1

433.4

28.1

1977

446.7 10.0

Rapid growth

as biggest export earner

Diamonds PETER BLACKBURN

ONE OF THE various obstacles to be overcome on the way out of Kinshasa's Ndjili airport is a little room containing three

fierce-looking men.
They are checking mainly for diamond smuggling which is again reported to be on the increase as the black market rate for the dollar creeps to 10 per cent above the official rate. This is suggested by figures published by the Centre National d'Expertise (CNE) which show that the output of artisanal diamonds rose by 9 per cent but fell 2 per cent in value during the first five

CNE's director, emphasised

months of 1985.

Diamonds are even being smuggled into Zaire from Angola in the Kahemba region. It is now the dry season and peak production period in both

The ending of the government diamond monopoly combined with the 77.5 per cent devalua-tion of the Zaire in September 1982 resulted in a remarkable improvement in exports from world's largest producer of

industrial diamonds.

Official diamond exports rose by more than 80 per cent to U.S.\$139m in 1983. They rose a further 55 per cent to U.S.\$216m in 1984. There is a mining platform costing 1.5 per cent tax on official U.S.\$9m. It can dig to a depth of \$55 matree and excavate

biggest export earner after copper and oil. Although the rapid growth of the past two years is unlikely to continue, officials hope that the present level of export earnings will at

diamond purchasing offices bought 63 per cent of the national output, Sozacom the former state minerals trading agency 10 per cent while the remainder was bought by the De Beers Zairean subsidiary, British Zaire Diamond Distribu-tors (Britmond), from the production of the state-owned Société Minière de Bakwanga (MIBA).

Stability

Since January 1 Sozacom has been replaced by the marketing subsidiary of the Gecamines holding company, one of its main aims is to help provide stability in the local diamond market by buying up surplus production, according to Mr David Zollmann, diamonds The largest of the local

diamond purchasing offices, De Beers subsidiary Sediza, per-forms a similar function, according to director General Nick Davenport. Last year Sediza made nearly 30 per cent of the total purchases of the offices. Its purchases, mainly of lower quality stones, totalled U.S.\$38m or more than double

other major buyers such as Afridiam and Scipa-Mines.
Competition among the offices is intense, especially for gem stones. Each office is expected to make minimum purchases of US\$6m a year, although eight failed to do so in 1984. In addition they have to pay a US\$60,000 registration deposit as well as a US\$50,000 annual licence fee. Artisanal diamond mining is

mainly alluvial and centred on Tchikapa in Western Kasai. About 40 per cent of output is sought after by the buying offices. The average price of the 10.6m carats bought in 1984 was US\$12.8 with four offices having an average price of over US\$40 per carat.

While the liberalisation of the diamond sector has greatly boosted government revenue it has also caused severe problems for MIBA, the state diamond mining company, based at Mbu-jimayi in Eastern Kasai.

MGBA was obliged to hand over 73,000 hectares of its 78,000 ha concession to smallscale diggers. However, the remaining 5,000 ha were the richest part of the conce and are constantly being invaded by illicit diggers.

"Security is a major prob-lem. It is difficult to patrol such a wide area and stop the richest deposits being creamed off," MIBA's chief executive officer Bruno Morelli said.

Lower world prices and a possible decline in the quality of diamond output partly explain the difference. "There is much less fraud now than before the diamond industry was liberalised in 1982," Concentration of the diamond mining area. "The authorities do not area. "The authorities do not seem to appreciate the danger," Mr Morelli said.

Rise in output

Despite this problem MIBA output last year rose by nearly 20 per cent to 6.9m carats though this is still well below production levels of the 1970s. More than 80 per cent of MIBA's output last year was of industrial "boart" grade diamonds, 14 per cent of "neargem" and only 4 per cent of "gem quality."

5 per cent tax on omena of 8.5 metres and excavate Diamonds are now Zaire's 1.2m cubic metres a year, iggest export earner after though a shortage of energy is preventing it working at full capacity.
A new 42Mw Belgian-built

hydro-electric power station is due to be commissioned in midleast be maintained.

Last year the 17 independent

1986. The U.S.39m investment is part financed by Sibekam a subsidiary of Belgium's Societe Generale, which has a 20 per cent stake in MIBA. It is also part financed by Britmand

mond.

The new power station will be used to supply the town of Moujimayi, thus freeing the existing power station for MIBA's exclusive needs.

"MIBA employs nearly 6,000 people but supports over 30,000 with food, health, education and other facilities. It is currently building a 500-bed hospital," MIBA is also an important revenue earner for the Govern-

revenue earner for the Government which last year took 2753m (US\$18.8m) in texes or 36 per cent of turnover. But Mr Morelli said that MIBA needed to retain a greater share of its earnings in order to reinvest in spare parts and new equipment, otherwise output would drop.

MIBA has also been battling

with De Beers for the pest three months over the renewal of an exclusive marketing con-tract. The price offered by De Beers was rejected as too low but so far no better offers have been obtained in what remains a depressed world diamond market and MIBA made no sales in May.

Zaire previously broke with De Beers and its London-based central selling organisation (CSO) in 1981 but returned two years later. "The market is not favourable for another breakaway especially as Austra-lian output is rising rapidly." according to one observer in Kinshaga.

"At least De Beers offers price stability in a soft market and the prospect of regular revenue About 40 per cent of output is and contribution towards new of gem stone quality and much investments," he added.

Move towards liberalisation

79.9

Parastatais PATI WALDMEIR

IN ITS POLICY towards stateowned enterprises (parastatals), as well as in so many other of economic management. the Zaire Government has embraced the theory (if not fully the practice) of Westernstyle economic liberalisation with a fervour uncommon on the African continent.

Plans are in hand to privatise either the capital or the management of many of the 47 state enterprises now in the government portfolio: others are to be reorganised along commercial lines; non-viable enterprises are main achievement of parastatal to be liquidated; parastatal sector reform to date. But now managers are to be encouraged there is concern among Zaire's

sector is to be assured.

This policy has, not surpris-ingly, won firm support from Western donors, who have been highly critical in the past of what they delicately refer to as a "lack of transparency" in the use of sales revenues from some major parastatals, notably Sozacom, the now-defunct minerals marketing parastatal. The abolition of Sozacom, whose practice of making "uncompensated sales" of the production of mining parastatal Gecamines had constituted a serious drain on the foreign exchange resources of the nation, is widely viewed as the

to become entrepreneurs rather than civil servants: in short, as government officials constantly reaffirm, the supremacy of the profit motive in the parastatal sector is to be assured where management resources are much more plentiful than civil servants: in short, as world Bank, that this achieve mixed results even in countries where management resources are much more plentiful than civil servants: in short, as world be proportioned by the creation of a new trading are much more plentiful than civil servants: in short, as government officials constantly reading the countries where the countries are management resources are management resources. parastata, Sonatrat, which could have a major impact not only on the mining sector but also on public utilities and public transport.

Sonatrad, the Société Nationale de Trading, was created in March this year to handle procurement of equipment and consumer goods for tion. five public enterprises: Gecamines; the transport parastatal, Onotra; the railway company, SNCZ, the electricity parastatal, SNEL; and the water board,

Its stated aim is to reduce procurement costs through making grouped purchases, to standardise equipment in the public sector, and to improve market information by assembling data in a single centre.

While it is clearly too soon to judge the operations of the enterprise, the degree of donor concern over the issue is reflected by the fact that the World Bank postponed a fundraising meeting due to be held in Paris last month in support of Gecamines' U.S.\$750m investment programme, largely because of doubts over Sona-trad's impact on the newlyrestructured Gacamines.

Any "lack of transparency" in the operations of a company which could be expected to handle hundreds of millions of dollars worth of orders each year would obviously be of serious concern to Zaire's Western backers.

High reputation

Even if the clear opportunities for graft represented by Sonatrad are resisted—its newly - appointed managing director, Belgian Robert Crem, has a high reputation—there is concern that the quite legitimate aims of the company may simply prove too embitious. Experiments in centralised stocks management, notably in

The danger, say donors, is that the added weight of burea-

cracy, coupled with poor com-munications between Sonatrad Société and its clients, might leave these companies with a less efficient and more costly procurements system than that now in opera-While the creation of Sona-trad appears to run counter to the liberalisation trend the Government is at the same time taking major steps to reduce its intervention in a number of

other key areas, notably the Agreement has been reached Agreement has been reached in principle to abolish the monopoly of Petrozaire, the state oil company, over petroleum imports which will henceforth be handled by the private sector. Public finances will get a major one off boost as private oil companies operating in Zaire are expected to pay off some Z1.5bn (U.S.\$27.42m) in old debts to Petrozaire as

In addition, negotiations are well advanced on the proposed privatisation of the manage-ment of two of the country's most notoriously inefficient parastatals, Air Zaire and the state shipping line Compagnie Maritime Zairoise (CMZ).

Donors applaud these signs of

part of the liberalisation.

progress. But they note action on liberalising the parastatal sector has been tortuously slow despite the fact that, in the words of State Enterprises Com-missioner (Minister) Citoyen Mokonda Bonza, "These enterprises cause enormous prob-lems." Of 37 firms singled out for privatisation by the Government as far back as February 1982, only a handful have so far had their capital or management privatised, and remaining parastatals continue to suffer a high degree of political inter-



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Two aspects of the effects of a poor infrastructure in a country four times bigger than France

Tortuous rail and river routes for copper

IMAGINE TRANSPORTING several hundred thousand tonnes of copper a year from London to Athens but without modern transport infrastructure and in the African tropics.

That is the problem facing Germines, the state copper musing company, as it seeks to evacuate as much of its output as possible from the remate, immigeiged province of Shaha to the coast along the "Voic Nationale."

It is a torthous route of some 2,750 km, stretching from Labumbashi near the Zambian border in the south east to the port of Matadi on the Zaire river estuary in the

west.

It is a rail and river journey—roads are virtually nonexistent—that because of
transhipments and inadequate
transport facilities now
averages some two mentis.

The first stage involves a 1600 km rail ride to Llebo on the Kasal River, a tributary of the Zaire River. The track and rolling stock are anti-quated and insufficient to carry the sharp increase in traffic in recent years.

The copper is transhipped into barges and taken down-stream to Kinshasa. Poor rainfall last year lowered the river level and slowed the heavily laden barges as they tried to pavigate between the shifting sandbanks.

At the port of Kinshasa, the end of the navigable part of the river, the copper is off-loaded onto railway wagons for the final stretch down to

By the end of 1984, the average fourney had lengthened to an estimated 60 days compared with only 42 days in 1982 as the rail and river system found it increasingly difficult to cope with the heavy volume of

This year, Gecamines plans to evacuate 47 per cent of the \$52,000 tonnes of minerals— copper, cobait, rine, cadmium—along the "voic nationale." "Official policy is to carry as much as possible along the Voie Nationale and the surplus along the southern and eastern routes," M Jean-Pierre Bouyre, finance director, said.

This policy is dictated by the need to economise as much foreign exchange as possible. Also as a government owned company, Geramines is expected to use the state rail-way and river transport

way and river transport system.
Gecamines has been forced to fall back on the "Voic Nationale" since the closure of the Benguela railway, the quickest and most direct route to the sea, in 1975 be-cause of civil war in Angola. A trial shipment of zinc

A trial shipment of zinc was despatched in 1981 to see was despatched in 1981 to see whether the railway was now safe. The convoy took nearly 130 days to reach the port of Lobito, compared with less than 15 days in peacetime, and the experiment was abandomed.

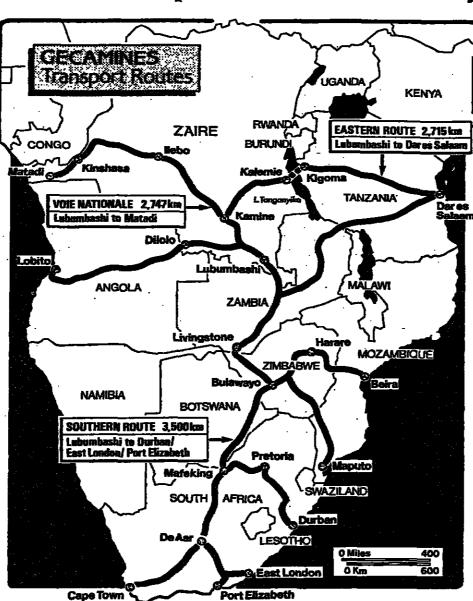
abandoned.
Although the southern route is much further, averaging some 3,600 kms, it is also much quicker taking about 30 days or about half the time on the "Voie Nationale."

The minerals are transported the entire length in South African railway wagons thus avoiding time consuming transhipments. The depreciation of the rand against the dollar has helped to lower the cent Germines efficiel point. cost, Gecamines officials point

Although the southern route passes through three countries including South Africa any political hesitation has been overridden by economic passessity. mic necessity.

Gecamines plans to send nearly 40 per cent of its minerals output, including most of the strategically im-portant cobalt, along the southern route this year. "No cobait is sent along the Voic Nationale for security reasons," officials explain.

The southern route is also increasingly used to import supplies of food, coke, coal and explosives.



The third major route which runs east to Tanzania is the cheapest but its capacity is limited by conges-tion at the port of Dar Es

The 2,715 km route starts with a 1,300 km rail section to the port of Kalemie on Lake Tanganyika. There fol-lows a boat ride across to Rigoma and then the railway to Dar Es Salaam.

The eastern route is slightly quicker than the Voic Nationale and this year is ex-pected to carry 65,000 tonnes

of minerals. However, its future use may be jeopardised by the cooling of relations between Zaire and Tanzania after attacks on the Zairean towns of Kamelie and Moba by dissidents allegedly based on the other side of the lake.

As a result of mounting transport problems and delays there is now an estimated 130,000 tonnes of minerals in the transport pipeline between Lubumbashi and the various ports of exit, according to Geramines Mr Ben Brabants, plaining streeter. This is well over double the amount in the "pipeline" when the Benguela railway was open and represents a huge financial burden for Gecamines.

Transport Gecamines direct control but unless the state railway and river transport corporations take urgent action to improve the "Vole Nationale" then the country's leading export earner is in danger of creeping members.

Outlook for transport remains bleak

country four times the size of France, whose main export sources—the mining province of Shaba and the coffee growing lands of the east—are up to 2,000 miles either from the capital Kinshasa or the nearest

Then take into consideration their take into consideration the fact that a network of about 88,000 miles of usable roads before independence in 1960 has shrunk to perhaps 12,000 of which only 1,400 are paved. Allow for a railway system not not be the fact of pulling stock and only short of rolling stock and locomotives but which operates a tortuous route from Shaba in the far south to the Atlantic Ocean, on which copper is un-loaded from railwagons which have travelled from Lubumbashi into barges at the river port of liebo, and then back onto rail-wagons at Kinshasa for the final stretch to the port of Matadi.

The 9,000 miles of usvigable waterways are in many parts of the interior the sole feasible transport system, but getting goods to and from the river ports can be an enormous prob-lem for one must also take account of the fact that the size of an ageing truck fleet has been falling.

Imports of trucks dropped from an annual average of 5,500 in the early Seventies to under a thousand by the end of the decade, while spare parts have long been at a premium.

This bleak picture gives some idea of the scope of the problems in a sector which affects the lives of every citizen. For the state-owned Gecamines mining company, generator of 50 to 60 per cent of export earn-ings, the lengthy journey to either Matadi or the South African port of Durban is a

For the peasant farmer it means difficult and expensive access to markets—it is estimated by one aid agency that farmers receive no more than 100 to 100 peasant of the ment o 20 to 40 per cent of the retail value of their products, mainly

government reforms in agricul- and agro-industrial potential.

tural pricing policy.

Not surprisingly, then, the transport sector has been the subject of a major review over the past few years, and has been one of the key targets of donor funds, with some US\$345m spent on highdays since 1971.

Almost all the foreign exchange costs since the mid-70s of new continuous and agro-industrial potential.

The Government has in the past been slow to acknowledge the importance of a rehabultated road network—total government provided funds in 1984 one of the key targets of donor funds, with some US\$345m spent on highdays since 1971. costs since the mid-70s of new projects, as well as a substantial proportion of road maintenance costs, have been donor-funded.

Inadequate Government sup-port and management weak-nesses in some of the state com-panies involved have meant that the overall deterioration has not been reversed. Since the early 80s, however, the Government has embarked on an overhaul of the sector. The private sector has been allowed a greater role, while at the same time potentially far-reaching reforms of the state companies has got

under way. Despite the increase in the role of private companies (they handle almost all road transport, two-thirds of internal air freight and passenger services, and about one-third of the river transport), three state-owned companies in particular play a leading role in the sector.

responsible for the construction and maintenance of roads.

 Office National des Transportes (Onatra), whose responsi-bility includes ports and river

● Société Nationale de Chemins de Fer Zairois (SNCZ), the railway company.

All three (as well as the national airline, Air Zaire, and the shipping line, Compagnie Maritime Zairoise) have come under scrutiny, with three main principles to be applied: management and training services must be improved: investment should concentrate on rehabilinoted concentrate on renamination of existing facilities, with little if any money going on new projects: and the capacity of existing internal routes should be raised.

is in danger of creepualysis.

Such transport as there is will forms are taking place within frequently be in the hands of a single operator who takes advantage of his monopoly, thus undermining the impact of ports to realise its agriculture.

was the steady decline of OR's construction and maintenance

equipment and an acute shortage of spare parts. Partly in response to donor pressure, the Government agreed in 1983 to tackle the funding problem by increasing OR's share of the state-levied road tax on petrol and diesel, which was followed by further increases in 1984 and 1985.

The second important element in the Government's response involves proposals to reduce OR's debts — put at Zaires 145-150m in local currency to contractors, and approximately U.S.\$6m in foreign exchange.

Unless the debts are repaid promptly the 1986-88 highway programme drawn up could be in jeopardy, for sub-contractors (who carry out much of the work) will be reluctant to take leading role in the sector.

on new projects until past work

Office des Routes (OR). is paid for.

After perotiations donors involved in the highway programme, the Government has agreed that OR will have sufficient resources (much of its coming from their increased share of the road tax on petrol and diesel) to repay outstand-ing local debts by mid-1986.

The Government compiled programme for the 1986-88 period is welcomed by donors who support the concentration of resource on maintenance and rehabilitation. But the Government may fall short of the foreign exchanges cost — at least U.S.\$190m — of the U.S.\$375m programme.

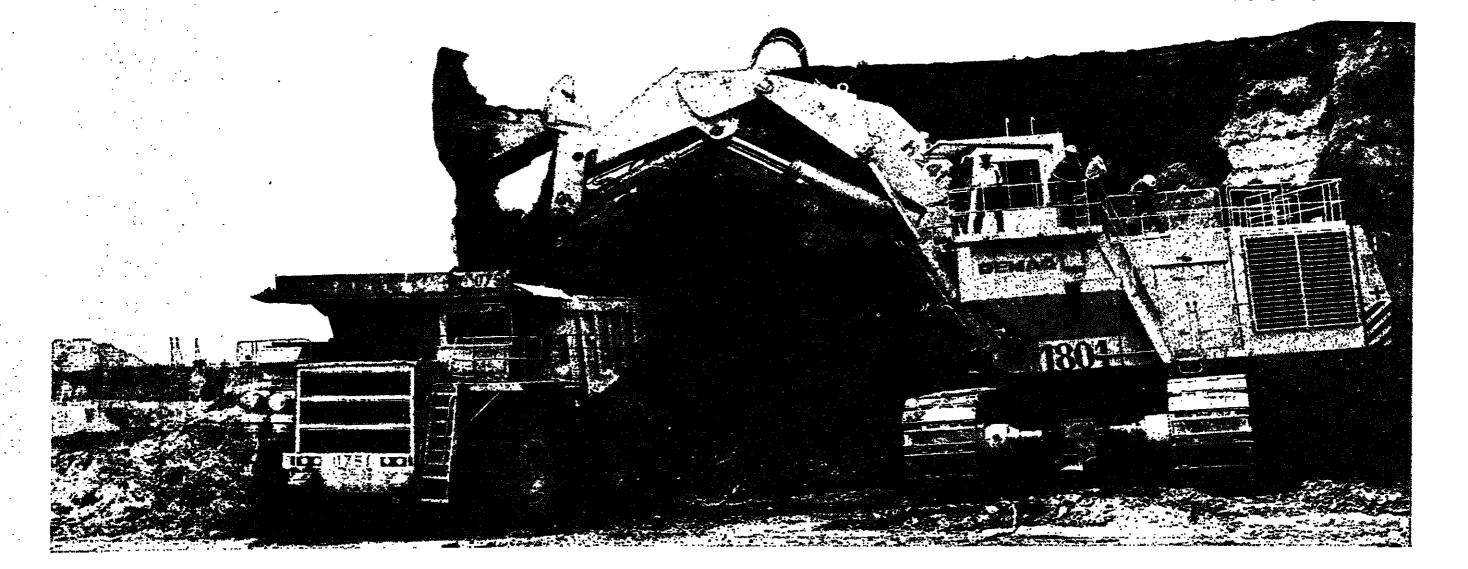
When put to donors last March at a World Bank-chaired meeting in Paris, pledged funds were well below the programme's requirements and it now seems inevitable that it will have to be scaled down.

Michael Holman

JENERALE DES CARRIERES ET DES EXPLOITATION

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Tough on the wallet

Businessman's guide MICHAEL HOLMAN

TO MANY people Zaire will always be the heart of darkness, the gloomy, foreboding land of Conrad, scarred by bloody upheavals in the 1960s and the Shaba rebellions of the 1970s. 1970s, a country either to avoid or to visit with trepidation. The myth, however, is far, far worse than the reality. Let us begin with Ndjili Airport, undoubtedly one of Africa's least salubrious entry points whose gloomy cavern-like halls seem particularly depressing in the early hours of the morning-

the time most airliners seem to It is manageable none the less. Armed with your visa (essential) and cholera and yellow fever vaccination certificates the first hurdle may seem disquieting: one is separated from the immigration officer by an opaque glass screen which leaves only a narrow gap above the desk.

A hand will emerge, tapping the counter impatiently, if you are slow to realise that you are expected to slip your passport under the screen. The intermittent muffled thumps that can be heard are the sound of the same document being stamped.
You should also have your currency declaration form endorsed, but as often as not the forms are not available. With or without the form, it is important to keep the receipts for all currency transactions and be ready to show them on departure. (Allow at least UK£125 a day for basic costs— Kinshasa is probably the world's most expensive city for the business traveller, certainly on

a par with Lagos.)
The next step is the baggage hall where passengers seem to be outnumbered by porters, taxi drivers and men in dark glasses. Unless you are being met it is worth negotiating the fare to town at this point, for the taxi tout (or travel adviser as they prefer to be called) will carry your bags, argue your case at the customs point, and see you into your car.

Treat with confident scepticism the claim that there is a fixed price to your destination. The ride to the two leading hotels — intercontinental and Memling—should be no more than Z5800 (UK£13.50).



The main boulevard in Zaire's capital, Kinsha a where the restaurants are among Africa's finest

Do not let your baggage out of your sight and be especially watchful for one ploy, which I will call "the urchin scramble," used both on departure and arrival at the airport. A dozen or so shouting, gesticulating, pleading youths will descend on your baggage begging for the privilege of carrying it to or from the taxi.

For a few seconds the cases disappear from sight—and it is at this point that hands runmage through the contents as skilfully as any Fagan, and the spoils are distributed later.

Fine restaurants

You are now heading for your hotel and you should pass the journey brushing up your French (essential) and in hap: contemplation of Kinshasa's restaurants, undoubtedly among the finest in Africa, with one or two that match the best of

Some are listed below, but do not miss Le Caf Conc. For a mid-morning rendezvous the Kilimanjaro (across from the

Memling—should be no more to go out on the Zaire river London: 26 Chesham Place, than Z5300 (UK£13.50).

Many expatriates arrive convinced that bribes are necessary at every step: not in my experiments in Matete, for a stunning ence, but the gentlemen at the example of the blend between the convergence of the blend between the condition of the condition

airport have as sharp an eye for the gullible visitor as any three-card trick operator on Oxford Street.

Do not let your baggage out of your sight and be especially watchful for one ploy, which I will call "the urchin scramble," used both on departure and arrival at the airport. A dozen or so shouting, gesticulating, pleading youths will descend on Rinshasa.

Catholicism and African tradition.

But if you have two to three days to spare it is worth going much further afield, to Kivu in eastern Zaire, which has some of Africa's most beautiful countryside, and a crisp, fresh climate (take a sweater) which countrys with the dull mugginess of most days in Kinshasa.

Catholicism and African tradition.

Lubumbashi: Karavia: Telex days to spare it is worth going much further afield, to Kivu in eastern Zaire, which has some of Africa's most beautiful countryside, and a crisp, fresh climate (take a sweater) which countryside, and a crisp, fresh climate (take a sweater) which countryside, and a crisp, fresh climate (take a sweater) which giness of most days in Kisangami: Zaire Palace: 2864-5.

CAR HIRE: Avis: (at Hotel Intercontinental) 27284. Hertz: 2332/2/24477.

RESTAURANTS: Caf Cone: 26132. La Deviniere: 81571. Chez Nicola: 30253. L'Errier: 22583. Kinshasa.

Kinshasa.

Head for either Goma (Karibu Hotel) or Bukavu (Hotel Residence). It will not be easy or cheap, will take some planning, and carries the risk that you may be stuck for a day or two longer than intended. Use the private airlines and take passport and health certificates, for they are required even on internal routes.

In many African countries, battling against the economic recession, visitors are advised to buy spare batteries or their to buy spare batteries or their favourite cheese before they leave home. Not so Zaire, or at least Kinshasa, where le shopping supermarket is better stocked than most European counterparts. But it's very expensive... Kinshasa offers few bargains, but if you are hiring a car the best deal the city offers is a driver for an extra £4 to £5 a day.

Kilimanjaro (across from the U.S. embassy) provides excellent coffee and pastries.

The weekend break can present a problem, for getting out of Kinshasa is not straightforward. If you are staying in the city, wangle an invitation to go out on the Zaire river for the day (many expatriates have their own boats). Attend mass at the Egise St Alphonse Kinshasa: Intercontinental;

Nicola: 30253. L'Etrier: 22583. (Credit cards are accepted in main hotels and restaurants and by Hertz and Avis).

OFFICE HOURS: Government

07.30 to 17.00, Monday to Friday

(Ministers private offices 07.30-

13.30, 16.00-19.00).
AIRLINES: Sabena: 28424/
28505/28457. UTA: 25077/
26718/26995. TAP: 22345/28051. Swissair: 23371-4. Air Zeire: 24885-9.

Air Zaire's internal flights are unreliable. Private airlines offering scheduled services to offering scheduled services to internal destinations include: Scibe Airlift: 22276/23562/24386. Zairean Airlines 23533/24624. Air Charter Services (ACS): 27891/28562. HEALTH: Malaria Prophylactics are essential. Valid cholera and yellow fever certificates. BANKS: Banque du Zaire (central bank): 30681/30690/30761. Barclays Bank: 22536/32576/25777. Grindlays Bank: 26512/26557. Banque Commer-

26512/26557. Banque Commerciale Zairoise: 26401-4. Union Zairoise de Banques: 25801-5. Banque de Paris et des Pays Bas: 24745-7.

Obstacles in path of growth

Agriculture PATTI WALDMEIR

TT HAS become almost a cliche to say that Zaire, a country of relatively fertile soils and pientitu rainfall, has tremen-

dous potential as an agricultural producer.
Its potential is exceptionally varied, ranging from 100dcrops such as cassava, maize, rice and sugar to export crops like paim oil, tea, cocoa, rupber, cotton and coffee (Zaire's largest agri-cultural export), to timber, fishing and stocksarming.

Yet, while the Government has taken a few tentative steps to exploit this potential, since launcame its economic reform programme in 1982, most agri-cultural experts agree that the obstacles which stand in the way of sustained growth in the sector remain overwhelming.
Some 25 years after independence in 1960, production of most export crops has fallen below pre-independence levels, and a country which used to be self-sufficient in food producsen-simcient in 1000 produc-tion—despite the most daunting transport problems faced any-where on the continent—has for the past several years been forced to import large quanti-ties of basic foods such as maize

and rice.

In Zaire, agriculture is reserved to as the "priority of priorities." But while it is given pride of place in the rhetoric of government propurements the sector's nouncements, the sector's meagre claim on budgetary resources leaves many agricultural experts and donors in

doubt as to the actual commit-ment of government to agricul-prices two years ago. they doubt whether the current laissezfaire attitude will lead to ment of government to agricul-tural development.

prices two years ago, While statistics on foodcrop

Agriculture's share of the 85 recurrent budget of 1985 recurrent budget of Zaire amounts to under 1 per cent, with most of this money going to pay staff salaries, and precious little left over to pay for essentials like transportation for agricultural extension workers. What is more, both the recurrent and capital budgets of the Ministry of Agricul-ture have been blocked since January, leasing donor-as agricultural projects starved of the counterpart funds which the Zaire Government is meant to provide.

Agriculture ministry officials argue that the low budgetary allocation for their ministry is misleading as it does not include spending on transport infra-structure, which would certainly have a greater short to medium-term impact on output than spending on agriculture per se. However, even in this area, budgetary resources have been lacking, with the crucial rural roads maintenance programme receiving only the equivalent of fim in the 1984 budget. Officials argue that reduced Government involvement (and

spending) on the sector would be the natural consequence of the liberalised policies which it intends to implement. "We want to be involved in agriculture only as a last resort," says one senior ministry official. "Where private sector companies can do the job, we want them to do so."
The first fruits of liberalisation are now being reaped in the countryside, in the form of higher production of basic food-crops and some important export crops, such as coffee,

white statistics on monocrop production are notoriously unreliable, most experts believe that the freeing of prices, many of which rose by 100 to 200 per cent as a result, has led in some areas to a substantial rise in production—although they cauton that liberalisation will have title meaning in remote have little meaning in remote areas where the difficulty of access means that a single trader holds a virtual monopoly

over purchases.

In some areas, the freedom
of the market continues to be
constrained by the local
authorities practice of enforcing cultivation of some crops, notably cotton, a highly damag-ing colonial practice which survives to this day in certain

Cheap imports

Liberalisation has also had a negative impact on sugar and rice producers, as the domestic market has been thrown open to chesp imports against which they are ili-equipped to com-

On the whole donors appland the decision to liberalise prices. But they note that in a country But they note that in a country like Zaire, four times the size of France but with only 1,400 miles of payed roads, incentive prices can do little on their own, unless backed by a massive programme of transport rehabilitation and expansion.

According to one authoritative assessment, farmers currently receive miv 20.40 per

rently receive only 20-40 per-cent of the retail price of their produce because of high trans-port costs, and the virtual

sustained long-term growth. The coffee sub-sector is a case in point: apart from controlling the quality of coffee exports, the state has virtually no involvement at all in the develop-ment of a sector which is the country's fifth largest export earner, bringing in some U.S.\$116.5m in foreign exchange in 1983. The sector is dominated by smallholder farmers who have virtually no access to credit or modern farming methods.

While price liberalisation has led to a substantial rise in led to a substantial rise in coffee output (some put the increase at 20-25 per cent, including output which was formerly smuggled to neighbouring countries) most of the increase has come from more intensive smallholder harvesting of coffee trees, while development spending on replanting on disseminating improved cultivation techniques and even on distributing arreial and even on distributing crucial inputs like insecticides has been left to private coffee trading companies who so far have shown little motivation to invest in long-term development.

While it is clear that Zeise has attempted to put into place the necessary incentive atructure for recovery, the prospect of self-sustaining growth remains in doubt because of agriculture's daunting handcaps: low budgetary allocations, the relatively slow renewal of private investment, wearing inadequate credit and extension facilities, and most of all, a transport infrastructure crippled by years of neglect inaccessibility of many areas of transport infrastructure originate country makes marketing pled by years of neglect any surplus impossible.

Some agricultural experts say sity of this vast nation.

Products	1977	1978	1979	1980	1981	1982	1983	+16
Palm oil	104.856	98,648	98,513	93,155	97,846	88,198		-
Experts	21,495	9.647		10,007	6.154	4.169	78,700	· · · 73.1
Palm kernel oli	22,178	20.153	18, 49 2	22,598	22,846	22,148	2,476	6.
Experts	15,038	17,200	17,595	18,734	18.948		15,264	15.0
Palm cake	29.667	26.214	25,485	27,739		13,374	15,177	12
	26.037	22,623	18,145	24 <u>,208</u>	33,909	28,296	22,261	27
	56.492	76.800			30,710	21,478	17,254	19,0
Robusta coffee	55.932		60,039	73,868	64,043	64,938	60,488	65.
Exports		71,646	55,039	67,717	59,043	59,938	55,488	60,
Arabica coffee exports	8,180	10,202	7,760	6,406	8,602	8,066	7.866	· · · · · · · · · · · · · · · · · · ·
Logs	321,671	331,721	350,000	325,000	350,000	375,000	401,000	415,
Exports	59,231	43,186	48,227	66.064	66,439	73,036		910
Sawn timber	95,777	101.510	87.961	68,056	61,250	73,500	76,092	115
Exports	29,376	30.698	28.600	21,829	19.680		112,000	
Rubber	29,959	28,390	19.876	21,269	20.175	22,339	18,18 <u>4</u>	27
.	27.622	26,083	17,888	19,472	18.509	17,254	15,616	15,0
	10.000	5,000	6,000	9.741		14,927	13,014	14.
	553.929				8,600	8,300	8,505	8.0
B Sugar cane	333,368	475,257	491,843 ovisional.	482,870	535,740	543,569	615,509	553